



Journal of the House

State of Indiana

112th General Assembly

First Special Session

Third Meeting Day

Wednesday Morning

June 5, 2002

The House convened at 10:00 a.m. with the Speaker in the Chair.

The invocation was offered by Representative Gregory W. Porter.

The Pledge of Allegiance to the Flag was led by Representative P. Eric Turner.

The Speaker ordered the roll of the House to be called:

T. Adams	Hoffman
Aguilera	Kersey
Alderman	Klinker
Atterholt	Kromkowski
Avery	Kruse ☐
Ayres	Kruzan
Bardon	Kuzman
Bauer	Lawson
Becker	Leuck
Behning	Liggett
Bischoff	J. Lutz
Bodiker	Lytle
Borror	Mahern
Bosma	Mangus
Bottorff	McClain
C. Brown	Mock
T. Brown	Moses
Buck	Munson
Budak	Murphy
Buell	Noe
Burton	Oxley
Cheney	Pelath
Cherry	Pond
Cochran	Porter
Cook	Reske
Crawford	Richardson
Crooks	Ripley
Crosby	Robertson
Day	Ruppel
Denbo	Saunders
Dickinson	Scholer
Dillon	M. Smith
Dobis	V. Smith
Dumezich	Steele
Duncan	Stevenson
Dvorak	Stilwell
Espich	Sturtz
Foley	Summers
Frenz	Thompson
Friend	Tincher ☐
Frizzell	Torr
Fry ☐	Turner
GiaQuinta	Ulmer ☐
Goodin	Weinzapfel
Grubb	Welch
Harris	Whetstone
Hasler	Wolkins
Herndon	D. Young
Herrell	Yount
Hinkle	Mr. Speaker

Roll Call 3: 96 present; 4 excused. The Speaker announced a quorum in attendance. [NOTE: ☐ indicates those who were excused.]

The House recessed until the fall of the gavel.

RECESS

The House reconvened at 1:40 p.m. with the Speaker in the Chair.

Representative Tincher was present.

RESOLUTIONS ON FIRST READING

House Resolution 3 (ss)

Representatives Denbo and Leuck introduced House Resolution 3 (ss):

A HOUSE RESOLUTION honoring Representative Susan Crosby on the occasion of her retirement from the Indiana House of Representatives.

Whereas, Representative Susan Crosby will be ending a part of her public life with the end of the 2002 legislative session when she will retire from the Indiana House of Representatives;

Whereas, In 1990, Representative Crosby became the first woman elected to serve the constituency of House District 44, which consists of Putnam, Clay, Parke, Vigo, and Montgomery Counties, and she has served continuously since that time;

Whereas, In 1996, Representative Crosby was chosen to serve as Deputy Speaker Pro Tempore after serving two years as the Assistant Majority Whip;

Whereas, Representative Crosby is respected and admired by her colleagues and is considered to be a tireless advocate for Indiana's mental health system and one of the members who acts as the conscience of the House of Representatives;

Whereas, During her time in the House of Representatives, Representative Crosby has served as the Chairperson of the Commission on Mental Health, the Select Advisory Commission for Public Welfare, the Commission on Directions of Mental Health, the National Commission on Mental Health Needs of Rural America, the Commission on Women, and the Tourism Council;

Whereas, Representative Crosby has been a leader in her community as well as in the State House, serving on the Indiana Independent Colleges and Universities Board, as president of the Indiana Women's Political Caucus, as a board member of the National Alliance for Research on Schizophrenia and Depression, as secretary of the Indiana Mental Health Memorial Foundation, as president of Town and County Homemakers, as former chairperson of the Board of Deacons for the Roachdale Presbyterian Church, and in various positions for the Mental Health Association in Indiana;

Whereas, During her outstanding career, Representative Crosby has received many honors and awards, including the 2000 American Psychiatric Association Warren Williams Award, the 1992, 1994, 1996, 1997, 1998, 1999, 2000, and 2001 Indiana Mental Health Association Legislator of the Year Award, the 1999 National Mental Health Association Legislator of the Year Award, the 1997 NAMI National Legislator of the Year, 1996 Friend of the Consumer Award, 1996 Indiana University School of Medicine, Department of Psychiatry Advocacy Award, 1991 Indiana Broadcasters' Association Outstanding Freshman Legislator, Indiana Jefferson Award, Indiana Jane Award, and the Outstanding Young Women in Indiana Award;

Whereas, Throughout her tenure in the Indiana House of Representatives, Representative Crosby has been known and loved for her wonderful sense of humor and her unwavering devotion to Purdue University;

Whereas, Although she is often reminded that Indiana University and the glorious Hoosiers are still recognized as the premier basketball school in our beloved state, Representative Crosby has remained the number one fan of Boilermaker basketball, both the men and women's teams;

Whereas, It might also be noticed that Representative Crosby will be leaving the Indiana House of Representatives shortly after her favorite basketball coach, Robert Montgomery Knight, firing speculation that she perhaps is secretly an IU and Bobby Knight fan;

Whereas, In leaving the Indiana House of Representatives, we should always remember that anyone coming from a town named after a cockroach truly deserves all the admiration and respect of this August body; and

Whereas, Representative Crosby has served the citizens of District 44 and the state of Indiana well; she will be greatly missed. Therefore,

Be it resolved by the House of Representatives of the General Assembly of the State of Indiana:

SECTION 1. That the Indiana House of Representatives wishes to express its heartfelt gratitude and appreciation to Representative Susan Crosby for the countless hours of dedicated and distinguished service she has given to the state of Indiana and its citizens and to wish her continued success in her future endeavors.

SECTION 2. That the Principal Clerk of the House of Representatives shall transmit a copy of this resolution to Representative Susan Crosby, her husband Joseph, and sons Todd and Thomas.

The resolution was read a first time and adopted by voice vote.

House Resolution 4 (ss)

Representatives Ayres, Kuzman, Dumezich, Day, Budak, Dobis, Becker, and Klinker introduced House Resolution 4 (ss):

A HOUSE RESOLUTION honoring the life of Esther Fifield, former State Representative.

Whereas, Esther Lillian Harper Fifield served as a State Representative in the Indiana State Legislature for eleven years, between 1979 and 1990, filling a vacancy in office left by her husband, Elwood, who held the office upon his death;

Whereas, State Representative Fifield served the citizens of Lake County, Northwest Indiana, and Indiana with distinction and compassion;

Whereas, State Representative Fifield, born on March 22, 1917, left this earthly life in the spring of 2002;

Whereas, State Representative Fifield was a passionate advocate of the arts, successfully advocating for the inclusion of art in the construction of new state buildings;

Whereas, State Representative Fifield championed the cause of constructing a new state museum to fully display and promote the art of Indiana, a dream that sadly was not realized until after her death;

Whereas, State Representative Fifield was a Republican, active in the Indiana Arts Commission, League of Women Voters, Art Institute of Chicago, Northwest Indiana Art Association, State Assembly Women's Club, Lake County Shakespeare Club (founder), Chicago Drama League, Kappa Kappa Kappa, International Visitors Center, Northwest Indiana Boys Club, Northwest Indiana Symphony Society;

Whereas, The lives of many in the State of Indiana have been enriched in so many ways, thanks to the work and passion of Esther Fifield: Therefore,

Be it resolved by the House of Representatives of the General Assembly of the State of Indiana:

SECTION 1. That the members of the Indiana State House of Representatives honors the life of Esther Fifield.

SECTION 2. That the Principal Clerk of the House of Representatives transmit a copy of this resolution to the family of Esther Fifield.

The resolution was read a first time and adopted by voice vote.

The members stood for a moment of silence in memory of former Representative Esther Fifield of Lake County, who died recently.

HOUSE BILLS ON SECOND READING

House Bill 1001 (ss)

Representative Bauer called down House Bill 1001 for second reading. The bill was read a second time by title.

HOUSE MOTION (Amendment 1001 (ss)-39)

Mr. Speaker: I move that House Bill 4 be amended to read as follows:

Replace the effective date in SECTION 94 with "[EFFECTIVE JANUARY 1, 2004]".

Replace the effective dates in SECTIONS 100 through 102 with "[EFFECTIVE MARCH 1, 2003]".

Replace the effective date in SECTION 103 with "[EFFECTIVE JANUARY 1, 2004]".

Replace the effective date in SECTION 110 with "[EFFECTIVE JANUARY 1, 2004]".

Replace the effective date in SECTION 111 with "[EFFECTIVE JULY 1, 2003]".

Replace the effective dates in SECTIONS 112 through 115 with "[EFFECTIVE JANUARY 1, 2004]".

Replace the effective date in SECTION 116 with "[EFFECTIVE JANUARY 1, 2004]".

Replace the effective date in SECTION 120 with "[EFFECTIVE JANUARY 1, 2004]".

Replace the effective date in SECTION 150 with "[EFFECTIVE JANUARY 1, 2003]".

Replace the effective date in SECTION 163 with "[EFFECTIVE JANUARY 1, 2004]".

Replace the effective dates in SECTIONS 171 through 174 with "[EFFECTIVE JANUARY 1, 2004]".

Replace the effective dates in SECTIONS 206 through 208 with "[EFFECTIVE JANUARY 1, 2004]".

Replace the effective date in SECTION 240 with "[EFFECTIVE JANUARY 1, 2004]".

Replace the effective dates in SECTIONS 344 through 352 with "[EFFECTIVE JANUARY 1, 2004]".

Replace the effective date in SECTION 401 with "[EFFECTIVE JANUARY 1, 2002 (RETROACTIVE)]".

Page 4, delete lines 30 through 42, begin a new paragraph and insert:

"SECTION 4. IC 4-10-13-3 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2003]: Sec. 3. The Indiana department of state revenue is hereby authorized and directed to prepare and publish each year the following report, which shall contain the following data and information:

(1) A recital of the number of taxpayers, the amount of gross collections, the amount of net collections, the amount of refunds, the amount of collection allowances, the amount of administrative costs, and the amount of delinquencies by type of tax collected by the department.

(2) Relative to the gross income tax, a recital of the number of taxpayers, the total amount of gross income tax collected, the total amount of exemptions allowed and the total amount of nontaxable income. It shall also include a recital of the number of taxpayers and the total amount of gross income tax received from farmers, manufacturing interests, wholesalers, retailers, transportation and communication interest, public utilities, financial and insurance interests, real estate interests, personal service businesses, and salaries and wages received from every other source to the extent such information is available from gross income tax returns.

(3) A breakdown of gross income tax collections received from corporate taxpayers, from unincorporated businesses, from

income taxed at the rate of ~~three eighths three-tenths~~ of one per cent (~~3/8%~~); and ~~(0.3%) one and one-half two-tenths per cent (+ 1/2%)~~; (1.2%), and one and six-tenths percent (1.6%), and from types of businesses as described in subsection (2). of this section:

Page 5, delete lines 1 through 12.

Page 5, line 34, delete "2003," and insert "2004,".

Page 6, delete line 5.

Page 6, line 6, delete "(B)" and insert "(A)".

Page 6, line 8, delete "(C)" and insert "(B)".

Page 6, line 10, delete "(D)" and insert "(C)".

Page 6, line 12, delete "(E)" and insert "(D)".

Page 6, line 14, delete "(F) eliminating" and insert "(E) increasing".

Page 6, line 15, delete "other than" and insert "that are".

Page 6, line 16, delete "(G)" and insert "(F)".

Page 6, line 18, delete "(H)" and insert "(G)".

Page 6, line 19, delete "(I)" and insert "(H)".

Page 6, line 20, delete "(J)" and insert "(I)".

Page 6, line 21, delete "(K)" and insert "(J)".

Page 6, line 23, delete "(L)" and insert "(K)".

Page 9, between lines 35 and 36, begin a new paragraph and insert:

"SECTION 7. IC 4-12-1-15.1 IS ADDED TO THE INDIANA CODE AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2002]: Sec. 15.1. (a) This section applies to employees working for a state agency if the state agency is funded from the state general fund, dedicated funds, dedicated accounts, or federal funds.

(b) This section does not apply to a person for whom a salary is specifically set by state statute.

(c) As used in this section, "state agency" includes:

(1) each office, officer, board, commission, department, division, bureau, committee, fund, agency, authority, council, or other instrumentality of the state; and

(2) each hospital, penal institution, and other institutional enterprise of the state.

However, the term does not include the judicial department of the state, the legislative department of the state, a political subdivision (as defined in IC 36-1-2-13), or a state educational institution (as defined in IC 20-12-0.5-1).

(d) The state employee pay raise account is established within the state general fund to receive money from adjusted gross income tax on lottery ticket winnings to supplement money otherwise appropriated to pay salary increases for employees of state agencies.

(e) The account is to be administered by the budget agency.

(f) The treasurer of state shall invest the money in the account not currently needed to meet the obligations of the account in the same manner as other public money may be invested. Interest that accrues from these investments shall be deposited in the account.

(g) Money in the account at the end of a state fiscal year does not revert to the state general fund.

(h) Money in the account is annually appropriated to the budget agency to provide for pay increases for employees of state agencies.

(i) Notwithstanding IC 4-12-1-12, IC 4-13-2-18, or any other law or rule, the appropriation under subsection (h) is automatically allotted in amounts sufficient to provide pay increases, as enacted by statute, for all employees of state agencies.

(j) Notwithstanding IC 4-9.1-1-7, IC 4-12-1-12, or any other law, the funds appropriated in subsection (f) may not be transferred to any other fund, account, or program and may only be used for pay increases of employees working for state agencies."

Page 13, delete lines 14 through 32.

Page 16, between lines 19 and 20, begin a new paragraph and insert:

"SECTION 14. IC 4-30-18-2 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2002]: Sec. 2. Except as

provided in IC 6-3-2-14, state and local taxes, regardless of their type, may not be imposed upon any prize paid or payable under this article or upon the sale of any lottery ticket under this article."

Page 31, delete lines 3 through 41, begin a new paragraph and insert:

"(d) This subsection applies to tax revenues received from a racetrack located in a county having a population of more than one hundred thirty thousand (130,000) but less than one hundred forty-five thousand (145,000). The amount of tax revenues to be distributed under subsection (c)(1)(A) is determined under STEP FIVE of the following formula:

STEP ONE: Determine the total amount of tax revenue remitted by the permit holder in the preceding month.

STEP TWO: Determine the amount of tax revenue remitted by the permit holder in the preceding month attributable to adjusted gross receipts received from the racetrack.

STEP THREE: Determine the ratio of the STEP TWO amount to the STEP ONE amount.

STEP FOUR: Multiply the STEP ONE amount by thirty percent (30%).

STEP FIVE: Multiply the STEP FOUR result by the ratio determined under STEP THREE.

(e) This subsection applies to tax revenues received from a racetrack located in a county having a population of more than forty-three thousand (43,000) but less than forty-five thousand (45,000). The amount of tax revenues to be distributed under subsection (c)(1)(B) is determined under STEP FIVE of the following formula:

STEP ONE: Determine the total amount of tax revenue remitted by the permit holder in the preceding month.

STEP TWO: Determine the amount of tax revenue remitted by the permit holder in the preceding month attributable to adjusted gross receipts received from the racetrack.

STEP THREE: Determine the ratio of the STEP TWO amount to the STEP ONE amount.

STEP FOUR: Multiply the STEP ONE amount by thirty percent (30%).

STEP FIVE: Multiply the STEP FOUR result by the ratio determined under STEP THREE.

(f) This subsection applies to tax revenues received from both satellite facilities located in a county containing a consolidated city. The amount of the tax revenues distributed under subsection (c)(1)(C) is determined under STEP SIX of the following formula:"

Page 41, delete lines 32 through 36.

Page 61, line 19, delete "(e)." and insert "(f).".

Page 69, line 36, delete "IC 4-33-12 and".

Page 74, delete lines 36 through 42, begin a new paragraph and insert:

"SECTION 95. IC 6-1.1-3-22 IS ADDED TO THE INDIANA CODE AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2003]: Sec. 22. (a) Except to the extent that it conflicts with subsection (b) or another statute, 50 IAC 4.2 (as in effect January 1, 2001) is incorporated by reference into this section.

(b) The following are not incorporated by reference under subsection (a):

(1) 50 IAC 4.2-4-9.

(2) 50 IAC 5.1-6-9.

(3) Any other provision of 50 IAC 4.2 or 50 IAC 5.1 to the extent that the provision applies the thirty percent (30%) of adjusted cost limitation contained in 50 IAC 4.2-4-9 or 50 IAC 5.1-6-9.

(c) Tangible personal property within the scope of 50 IAC 4.2 (as in effect January 1, 2001) shall be assessed on the assessment dates in calendar years 2003 and thereafter in conformity with the provisions incorporated by reference into this section.

(d) The publisher of the Indiana Administrative Code may continue to publish 50 IAC 4.2 (as in effect January 1, 2001) in the Indiana Administrative Code.

(e) 50 IAC 4.3 and any other rule to the extent that it conflicts with this section is void.

(f) A reference in 50 IAC 4.2 to a governmental entity that has been terminated or a statute that has been repealed or amended shall be treated as a reference to its successor.

SECTION 96. IC 6-1.1-4-4, AS AMENDED BY P.L.90-2002, SECTION 30, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2002]: Sec. 4. (a) A general reassessment, involving a physical inspection of all real property in Indiana, shall begin July 1, 2000, and each fourth year thereafter. The general reassessment scheduled to begin July 1, 2000, shall be completed on or before March 1, 2003, and shall be the basis for taxes first due and payable beginning in the following year. The general reassessment does not apply to the March 1, 2002, assessment date. A general reassessment, involving a physical inspection of all real property in Indiana, shall begin July 1, 2005, and each fourth year thereafter. Each reassessment beginning after June 30, 2005, shall be completed on or before March 1, of the immediately following even-numbered odd-numbered year, and shall be the basis for taxes payable in the year following the year in which the general assessment is to be completed.

(b) In order to ensure that assessing officials and members of each county property tax assessment board of appeals are prepared for a general reassessment of real property, the department of local government finance shall give adequate advance notice of the general reassessment to the county and township taxing officials of each county.

SECTION 97. IC 6-1.1-4-4.5, AS ADDED BY P.L.198-2001, SECTION 8, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2003]: Sec. 4.5. (a) The department of local government finance shall adopt rules establishing a system for annually adjusting the assessed value of real property to account for changes in value in those years since a general reassessment of property last took effect.

(b) The system must be applied to adjust assessed values beginning with the 2006 2007 assessment date and each year thereafter that is not a year in which a reassessment becomes effective.

(c) The system must have the following characteristics:

- (1) Promote uniform and equal assessment of real property within and across classifications.
- (2) Apply all objectively verifiable factors used in mass valuation techniques that are reasonably expected to affect the value of real property in Indiana.
- (3) Prescribe as many adjustment percentages and whatever categories of percentages the department of local government finance finds necessary to achieve objectively verifiable updated just valuations of real property. An adjustment percentage for a particular classification may be positive or negative.
- (4) Prescribe procedures, including computer software programs, that permit the application of the adjustment percentages in an efficient manner by assessing officials."

Delete page 75.

Page 76, delete lines 1 through 22.

Page 76, line 36, strike "2002," and insert "2003,".

Page 77, line 7, strike "2002," and insert "2003,".

Page 79, line 9, strike "2002," and insert "2003,".

Page 80, line 21, strike "2002," and insert "2003,".

Page 85, delete lines 14 through 42, begin a new paragraph and insert:

"SECTION 99. IC 6-1.1-8-44 IS ADDED TO THE INDIANA CODE AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2003]: Sec. 44. (a) Except to the extent that it conflicts with subsection (b) or another statute, 50 IAC 5.1 (as in effect January 1, 2001) is incorporated by reference into this section.

(b) The following are not incorporated by reference under subsection (a):

- (1) 50 IAC 4.2-4-9.
- (2) 50 IAC 5.1-6-9.
- (3) Any other provision of 50 IAC 4.2 or 50 IAC 5.1 to the

extent that the provision applies the thirty percent (30%) of adjusted cost limitation contained in 50 IAC 4.2-4-9 or 50 IAC 5.1-6-9.

(c) Tangible personal property within the scope of 50 IAC 5.1 (as in effect January 1, 2001) shall be assessed on the assessment dates in calendar years 2003 and thereafter in conformity with the provisions incorporated by reference into this section.

(d) The publisher of the Indiana Administrative Code may continue to publish 50 IAC 5.1 (as in effect January 1, 2001) in the Indiana Administrative Code.

(e) 50 IAC 5.2 and any other rule to the extent that it conflicts with this section is void.

(f) A reference in 50 IAC 5.1 to a governmental entity that has been terminated or a statute that has been repealed or amended shall be treated as a reference to its successor."

Page 86, delete lines 1 through 3.

Page 86, line 32, delete "2002." and insert "2003,".

Page 87, delete lines 20 through 21.

Page 87, line 41, delete "five (5) years." and insert "four (4) years."

Page 88, delete lines 7 through 11, begin a new line block indented and insert:

"YEAR OF ASSESSMENT	PERCENTAGE
2003	25%
2004	50%
2005	75%
2006	100%".

Page 90, delete lines 10 through 42.

Delete pages 91 through 95.

Page 96, delete lines 1 through 23.

Page 96, delete lines 41 through 42.

Delete pages 97 through 100.

Page 101, delete lines 1 through 21.

Page 101, delete lines 32 through 42, begin a new paragraph and insert:

"(b) The amount of the credit to which the individual is entitled equals the product of:

- (1) the percentage prescribed in subsection (d); multiplied by
- (2) the amount of the individual's property tax liability, as that term is defined in IC 6-1.1-21-5, which is:

(A) attributable during the particular calendar year to the part of the assessed value of the homestead during the particular calendar year; that does not exceed one million dollars (\$1,000,000); and

(B) determined after the application of the property tax replacement credit under IC 6-1.1-21.

(c) For purposes of determining that part of an individual's property tax liability that is attributable to the individual's homestead, all deductions from assessed valuation which the individual claims under IC 6-1.1-12 or IC 6-1.1-12.1 for property on which the individual's homestead is located must be applied first against:

- (1) the assessed value of the individual's homestead before those deductions are applied against any other property; and
- (2) the part of the assessed value of the homestead that exceeds one million dollars (\$1,000,000).".

Page 102, delete lines 1 through 17, begin a new paragraph and insert:

"(d) The percentage of the credit referred to in subsection (b)(1) is as follows:

YEAR	PERCENTAGE OF THE CREDIT
1996	8%
1997	6%
1998 through 2003	10%
2004 and thereafter	4% 30%".

Page 103, line 12, delete "2002," and insert "2003,".

Page 103, line 29, delete "17%" and insert "30%".

Page 107, delete lines 13 through 18, begin a new line block indented and insert:

"(1) Forty percent (40%) of the total levy imposed by each school corporation in a county for its transportation fund for a stated assessment year.

(2) **Thirty-two percent (32%) of the total levy imposed by each school corporation in a county for its general fund for a stated assessment year."**

Page 108, delete lines 7 through 12, begin a new line block indented and insert:

"(1) Forty percent (40%) of a taxpayer's tax liability in a calendar year for taxes imposed by a school corporation for its transportation fund for a stated assessment year.

(2) Thirty-two percent (32%) of a taxpayer's tax liability in a calendar year for taxes imposed by a school corporation for its general fund for a stated assessment year."

Page 108, delete lines 33 through 42, begin a new paragraph and insert:

"SECTION 113. IC 6-1.1-21-3, AS AMENDED BY P.L.90-2002, SECTION 200, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2004]: Sec. 3. (a) ~~On or before March 1~~ of each year, the department of local government finance shall certify to the department on a form approved by the state board of accounts, an estimate of the total county tax levy collectible in that calendar year for each county in the state. The estimate shall be based on the tax collections for the preceding calendar year, adjusted as necessary to reflect the total county tax levy (as defined in section 2(g) of this chapter) from the budgets, tax levies, and rates as finally determined and acted upon by the department of local government finance. The department, with the assistance of the auditor of state **and the department of local government finance**, shall determine on the basis of the report an amount equal to ~~twenty percent (20%)~~ of the total county tax levy; **eligible property tax replacement amount**, which is the estimated property tax replacement.

(b) ~~In the same report containing the estimate of a county's total county tax levy~~, The department of local government finance shall also certify the amount of homestead credits provided under IC 6-1.1-20.9 which are allowed by the county for the particular calendar year."

Page 109, delete lines 1 through 9.

Page 114, between lines 17 and 18, begin a new paragraph and insert:

"SECTION 117. IC 6-1.1-21.2 IS ADDED TO THE INDIANA CODE AS A NEW CHAPTER TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2002]:

Chapter 21.2. Tax Increment Replacement

Sec. 1. This chapter applies to an allocation area in which:

- (1) the holders of obligations received a pledge before January 1, 2003, of tax increment revenues to pay any part of the obligations due after December 31, 2004; and
- (2) a change in:

- (A) the determination of the assessed value of tangible personal property resulting from a change in the rules governing the assessment of tangible personal property in effect on January 1, 2002 (50 IAC 5.1; 50 IAC 4.2); or
- (B) a law enacted in the 2002 regular or special session of the general assembly;

causes the governing body to be unable to pay the obligations described in subdivision (1).

Sec. 2. For purposes of this section, "additional credit" means:

- (1) for allocation areas created under IC 6-1.1-39, the additional credit described in IC 6-1.1-39-6(a);
- (2) for allocation areas created under IC 8-22-3.5, the additional credit described in IC 8-22-3.5-10(a);
- (3) for allocation areas created under IC 36-7-14, the additional credit described in IC 36-7-14-39.5(c);
- (4) for allocation areas created under IC 36-7-14.5, the additional credit described in IC 36-7-14.5-12.5(d)(5);
- (5) for allocation areas created under IC 36-7-15.1:
 - (A) the additional credit described in IC 36-7-15.1-26.5(e); or
 - (B) the credit described in IC 36-7-15.1-35(d); or
- (6) for allocation areas created under IC 36-7-30, the additional credit described in IC 36-7-30-25(b)(2)(E).

Sec. 3. As used in this chapter, "allocation area" refers to an area that is established under the authority of any of the following statutes and in which tax increment revenues are

collected:

- (1) IC 6-1.1-39.
- (2) IC 8-22-3.5.
- (3) IC 36-7-14.
- (4) IC 36-7-14.5.
- (5) IC 36-7-15.1.
- (6) IC 36-7-30.

Sec. 4. As used in this chapter, "base assessed value" means the base assessed value as the term is defined in:

- (1) IC 6-1.1-39-5(h);
- (2) IC 8-22-3.5-9(a);
- (3) IC 36-7-14-39(a);
- (4) IC 36-7-14-39.3(c);
- (5) IC 36-7-15.1-26(a);
- (6) IC 36-7-15.1-26.2(c);
- (7) IC 36-7-15.1-35(a);
- (8) IC 36-7-15.1-53;
- (9) IC 36-7-15.1-55(c);
- (10) IC 36-7-30-25(a)(2); or
- (11) IC 36-7-30-26(c).

Sec. 5. As used in this chapter, "department" refers to the department of local government finance.

Sec. 6. As used in this chapter, "governing body" means the following:

- (1) For an allocation area created under IC 6-1.1-39, the fiscal body of the county (as defined in IC 36-1-2-6).
- (2) For an allocation area created under IC 8-22-3.5, the commission (as defined in IC 8-22-3.5-2).
- (3) For an allocation area created under IC 36-7-14, the redevelopment commission of the unit.
- (4) For an allocation area created under IC 36-7-14.5, the authority created by the unit.
- (5) For an allocation area created under IC 36-7-15.1, the metropolitan development commission of the consolidated city.
- (6) For an allocation area created under IC 36-7-30, the military base reuse authority.

Sec. 7. As used in this chapter, "obligation" means an obligation to pay:

- (1) the principal and interest on loans or bonds;
- (2) lease rentals on leases; or
- (3) any other contractual obligation;

payable from tax increment revenues. The term includes a guarantee of payment from tax increment revenues if other revenues are insufficient to make a payment.

Sec. 8. As used in this chapter, "property taxes" means:

- (1) property taxes, as defined in:
 - (A) IC 6-1.1-39-5(g);
 - (B) IC 36-7-14-39(a);
 - (C) IC 36-7-14-39.3(c);
 - (D) IC 36-7-15.1-26(a);
 - (E) IC 36-7-15.1-26.2(c);
 - (F) IC 36-7-15.1-53(a);
 - (G) IC 36-7-15.1-55(c);
 - (H) IC 36-7-30-25(a)(3); or
 - (I) IC 36-7-30-26(c); or
- (2) for allocation areas created under IC 8-22-3.5, the taxes assessed on taxable tangible property in the allocation area.

Sec. 9. (a) The governing body may impose a special tax in a year to pay amounts due on obligations of the governing body in the immediately succeeding year. The governing body may levy the special tax on all property in the taxing district or taxing districts in which the allocation area is located. The special tax shall be certified before September 2 of each year to the fiscal officer of the taxing unit that designated the allocation area. The special tax shall be estimated and entered upon the tax duplicates by the county auditor and shall be collected and enforced by the county treasurer in the same manner as state and county taxes are estimated, entered, collected, and enforced.

(b) As the special tax is collected by the county treasurer, it shall be transferred to the governing body that imposed the special tax and shall be accumulated and kept in the special fund

for the allocation area and applied only for the purposes of this chapter.

(c) The governing body shall determine the special tax levy for a year in the amount of the lesser of:

- (1) the total payments due on the obligations of the governing body in the year minus the amounts the governing body estimates will be legally available to the governing body in the year to make the payments; and
- (2) except as provided in subsection (d), the amount that will result from the imposition of a rate for the special tax levy that the county auditor estimates will cause the total tax rate in the taxing district in which the allocation area is located to be one hundred ten percent (110%) of the rate that would apply if the rate for the special tax levy were not imposed for the year.

(d) If the allocation area is located in more than one (1) taxing district, the special tax levy amount determined under subsection (c)(2) shall be based on the taxing district that will, without consideration of the rate for the special tax levy, have the highest tax rate in the year in which the special tax levy is payable.

(e) In estimating the amount legally available under subsection (c)(1), the governing body shall not consider the remedies referred to in section 10(b)(5) of this chapter.

Sec. 10. (a) Before October 2 in a year, a governing body that has:

- (1) imposed a special tax levy under section 9 of this chapter payable in the immediately succeeding year to raise revenue to pay amounts due on obligations of the governing body in the immediately succeeding year; and
- (2) investigated its ability to employ all remedies available under the agreements establishing obligations of the governing body to provide sufficient funds to pay amounts due on the obligations in the immediately succeeding year, including guarantees by a unit to apply revenues received under IC 6-3.5 or other sources toward the payment of the obligations;

may appeal to the department for emergency relief under this chapter to provide sufficient additional funds to pay amounts due on the obligations in the immediately succeeding year.

(b) In the petition under this section, the governing body must state sufficient facts to demonstrate the following:

- (1) The petitioner is a governing body.
- (2) The petitioner established an allocation area before January 1, 2002.
- (3) The holders of obligations payable from tax increment revenues from the allocation area received a pledge before January 1, 2003, of tax increment revenues to pay any part of the obligations due after December 31, 2002.
- (4) A change in the determination of the assessed value of tangible personal property resulting from a change in the rules governing the assessment of tangible personal property in effect on January 1, 2001 (50 IAC 5.1; 50 IAC 4.2) causes the governing body to be unable to pay amounts due on the obligations of the governing body in the immediately succeeding year.
- (5) The governing body has investigated its ability to employ all remedies available under the agreements establishing the obligations of the governing body to provide sufficient funds to pay amounts due on the obligations in the immediately succeeding year, including guarantees by a unit to apply revenues received under IC 6-3.5 or other sources toward the payment of the obligations.
- (6) The governing body has investigated the availability of all funds legally available to the governing body for the payment of amounts due on the obligations of the governing body in the immediately succeeding year, including funds derived from the denial of all or a part of an additional credit to taxpayers in the allocation area.
- (7) The governing body has reasonably determined that refinancing one (1) or more of the obligations of the governing body is not an economically feasible means of

providing sufficient funds to pay amounts due on the obligations in the immediately succeeding year.

(8) The governing body has made reasonable efforts to limit its use of the special fund for the allocation area to appropriations for payments of amounts due on obligations of the governing body.

(9) The balance in the special fund for the allocation area in the immediately succeeding year will be insufficient to pay amounts due on the obligations of the governing body in that year.

(10) A property taxpayer located in any part in the allocation area was not the original purchaser and does not own any of the obligations of the governing body or rights to payment of any of the obligations.

(11) The governing body is unable to provide sufficient funds to pay amounts due on the obligations of the governing body in the immediately succeeding year.

(12) A copy of the petition has been served on the executive of each taxing unit in which any part of the allocation area is located.

(13) The governing body at the time of issuance of the obligations:

- (A) reasonably estimated that the revenue legally available to pay the obligations would be adequate to pay the obligations over the term of the obligations; and
- (B) pledged as additional security for the payment of the obligations a reasonable amount of coverage of revenue legally available in excess of the amount necessary to pay the obligations.

(14) The number of subsequent years the governing body estimates it will appeal under this section.

Sec. 11. The department shall conduct a hearing on the petition in the county where the allocation area is located. At the hearing, the petitioner and any other person may submit any information relevant to the determination of the issues raised in the petition.

Sec. 12. (a) If, after the hearing and upon consideration of all of the factors referred to in section 10(b) of this chapter, the department determines that the requirements of this chapter have been met, the department may order any of the emergency relief described in section 13 of this chapter for a period not to exceed the immediately succeeding five (5) years. An award of relief shall not preclude a governing body from petitioning the department for additional relief under this chapter after the expiration of the initial period for which relief was granted.

(b) A recipient of relief under this chapter shall provide certification to the department on an annual basis that certifies the continued existence of each of the factors listed in section 10(b) of this chapter.

(c) The amount of emergency relief ordered under this section may not exceed:

- (1) the amount the governing body is obligated to pay on obligations during the years for which relief is requested; minus
- (2) the sum of:
 - (A) the amount, if any, of the special tax levy under section 9 of this chapter payable in the years for which relief is requested; and
 - (B) the amount of the remedies available to the governing body under the agreements establishing obligations of the governing body.

Sec. 13. The department may adjust the base assessed value in the allocation area."

Page 118, delete lines 31 through 42.

Delete pages 119 through 121.

Page 122, delete lines 1 through 30.

Page 123, delete lines 11 through 42, begin a new paragraph and insert:

"SECTION 124. IC 6-2.1-2-3 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2003]: Sec. 3. (a) The receipt of gross income from transactions described in section 4 of this chapter is subject to a tax rate of three-tenths of one percent

(0.3%).

(b) The receipt of gross income from transactions described in section 5 of this chapter is subject to a tax rate of one and two-tenths percent (1.2%).

(c) The receipt of gross income from a transaction described in section 4.5 of this chapter is subject to a tax rate of one and six-tenths percent (1.6%).

SECTION 125. IC 6-2.1-2-4.5 IS ADDED TO THE INDIANA CODE AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2003]: **Sec. 4.5. The receipt of gross income, of any character, of a public utility is subject to the rate of taxation prescribed in section 3(c) of this chapter.**

SECTION 126. IC 6-2.1-2-5 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2003]: Sec. 5. The receipt of gross income from the following is subject to the rate of taxation prescribed in section 3(b) of this chapter:

- (1) producing, transmitting, furnishing, wholesaling, or retailing electrical energy;
- (2) producing, transporting, furnishing, wholesaling, or retailing artificial gas, natural gas, or a mixture of natural and artificial gas;
- (3) operating a steam or electric railway, streetcar line, motor vehicle, steam or motorboat, or any other vehicle for the transportation of freight, express, or passengers for hire;
- (4) operating a pipeline for the transportation of any commodity for hire;
- (5) operating a telephone or telegraph line;
- (6) operating a water or sewerage system;
- (7) operating any other utility which is not described in this section;
- (8) (1) activities described in IC 6-2.1-1-3, IC 6-2.1-1-4, IC 6-2.1-1-4.5, IC 6-2.1-1-5, IC 6-2.1-1-6, IC 6-2.1-1-7, IC 6-2.1-1-8, or IC 6-2.1-1-9 that are taxable on a gross earnings basis; and
- (9) (2) any activity which is not described in section 4 or 4.5 of this chapter, including the provision of services of any character, sales of real estate, rentals (except rentals described in section 4(6) of this chapter), the performance of contracts, and the investment of capital.

SECTION 127. IC 6-2.1-2-12 IS ADDED TO THE INDIANA CODE AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2003]: **Sec. 12. (a) This section applies only to a public utility.**

(b) Every trust, partnership, limited liability company, limited liability partnership, Sub S corporation or other entity exempt from federal income taxation under Section 1361 of the Internal Revenue Code is liable for the tax imposed under section 3 of this chapter. No gross income tax liability is imposed under this article on a partner's, member's, beneficiary's, or shareholder's distributive share of the entity's gross income.

(c) The following do not apply to a public utility:

- (1) IC 6-2.1-3-24.
- (2) IC 6-2.1-3-24.5.
- (3) IC 6-2.1-3-25.
- (4) IC 6-2.1-3-26."

Delete pages 124 through 132.

Page 133, delete lines 1 through 37.

Page 134, delete lines 25 through 42.

Delete pages 135 through 140.

Page 141 delete lines 1 through 37.

Page 145, delete lines 11 through 38.

Page 150, line 8, after "livestock" insert ",".

Page 161, delete lines 24 through 30, begin a new paragraph and insert:

"(b) Prize money that is received from a winning lottery ticket purchased under IC 4-30 is not exempt from the adjusted gross income tax imposed by this article if the total value of the prize is equal to or greater than one thousand two hundred dollars (\$1,200)."

Page 154, line 29, reset in roman "IC 6-2.1-2-4".

Page 154, line 29, delete "IC 6-2.5-1-10".

Page 160, delete lines 16 through 41.

Page 161, between lines 30 and 31, begin a new paragraph and insert:

"SECTION 165. IC 6-3-3-2 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2003]: Sec. 2. (a) This section applies to a taxpayer other than a public utility (as defined in IC 6-2.1-1-9.5).

(b) Corporations shall be entitled to a credit, not to exceed the amount of the tax imposed by IC 6-3-2, against the tax imposed by IC 6-3-2 for any taxable year in an amount equal to any tax imposed on gross income by IC 6-2.1-2 for the same taxable year."

Page 162, line 32, delete "business".

Page 162, line 33, strike "supplemental".

Page 162, line 33, strike "tax plus".

Page 162, line 42, strike "the sum of".

Page 163, line 1, strike "plus".

Page 163, line 1, delete "business".

Page 163, line 1, strike "supplemental".

Page 163, line 1, after "net income" strike "tax".

Page 167, between lines 28 and 29, begin a new paragraph and insert:

"SECTION 168. IC 6-3-7-1 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2003]: Sec. 1. (a) This section applies to a taxpayer other than a public utility (as defined in IC 6-2.1-1-9.5).

(b) In the event the tax imposed by IC 6-3-1 through IC 6-3-7 is held inapplicable or invalid with respect to any person, or the shareholders of any corporation described in IC 6-3-2-2.8(2), or the partners of any such partnership, then notwithstanding IC 6-2.1-3-23 or IC 6-2.1-3-24 such person or such corporation or such partnership shall be liable for the tax on gross income as imposed by IC 6-2.1 for the taxable periods with respect to which the tax imposed by IC 6-3-1 through IC 6-3-7 is held inapplicable or invalid."

Page 167, between lines 39 and 40, begin a new paragraph and insert:

"(c) Before making the deposits described in subsections (a) and (b), money attributable to adjusted gross income tax raised under IC 6-3-2-14(b) shall be segregated in a state employee pay raise account in the state general fund. The state employee pay raise account is a nonreverting account. Money in the account may be used only to pay the two percent (2%) pay increase for all employees of state agencies as defined in HEA 1001(ss)-2002, SECTION 390, and payable in state fiscal years as part of the base salary of state employees beginning July 1, 2003. The amounts segregated under this subsection are annually appropriated as they are deposited and must be automatically allotted for the purposes of this subsection."

Page 170, delete lines 5 through 26.

Page 183, delete lines 40 through 42, begin a new paragraph and insert:

"Sec. 2. As used in this chapter, "business personal property" means manufacturing or agricultural machinery, tools, or equipment that:

- (1) was first reported by the taxpayer on a personal property tax return filed for the assessment date of 2002 or a later year;
- (2) was never before used by the taxpayer for any purpose in Indiana;
- (3) was acquired in a bona fide, good faith transaction, negotiated at arm's length, between parties under separate ownership and control;
- (4) is acquired for direct use in the direct:
 - (A) production, manufacture, fabrication, assembly, extraction, mining, processing, refining or finishing of tangible personal property; or
 - (B) production, extraction, harvesting, or processing of agricultural goods; and
- (5) for which depreciation is allowed for federal income tax purposes, with a useful life of at least three (3) years."

Page 184, delete lines 1 through 10.

Page 185, delete lines 1 through 10, begin a new line blocked indented and insert:

"(1) For a taxable year in which the property tax is paid

with respect to the first assessment date the property is subject to assessment under IC 6-1.1, the credit is equal to thirty percent (30%) of the net ad valorem property taxes paid on the property in that taxable year.

(2) For a taxable year in which the property tax is paid with respect to the second assessment date the property is subject to assessment under IC 6-1.1, the credit is equal to twenty percent (20%) of the net ad valorem property taxes paid on the property in that year."

Page 186, line 18, delete "2003;" and insert "2004;".

Page 189, delete lines 33 through 42.

Page 190, delete lines 1 through 2.

Page 204, between lines 7 and 8, begin a new paragraph and insert:

"SECTION 217. IC 6-5.5-1-18, AS AMENDED BY P.L.129-2001, SECTION 8, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2002 (RETROACTIVE)]:

Sec. 18. (a) "Unitary business" means business activities or operations that are of mutual benefit, dependent upon, or contributory to one another, individually or as a group, in transacting the business of a financial institution. The term may be applied within a single legal entity or between multiple entities and without regard to whether each entity is a corporation, a partnership, a limited liability company, or a trust, provided that each member is either a holding company, a regulated financial corporation, a subsidiary of either, a corporation that conducts the business of a financial institution under IC 6-5.5-1-17(d)(2), or any other entity, regardless of its form, that conducts activities that would constitute the business of a financial institution under IC 6-5.5-1-17(d)(2) if the activities were conducted by a corporation. The term "unitary group" includes those entities that are engaged in a unitary business transacted wholly or partially within Indiana. ~~However, the term does not include including~~ an entity that does not transact business in Indiana.

(b) Unity is presumed whenever there is unity of ownership, operation, and use evidenced by centralized management or executive force, centralized purchasing, advertising, accounting, or other controlled interaction among entities that are members of the unitary group, as described in subsection (a). However, the absence of these centralized activities does not necessarily evidence a nonunitary business.

(c) Unity of ownership, when a corporation is involved, does not exist unless that corporation is a member of a group of two (2) or more business entities and more than fifty percent (50%) of the voting stock of each member of the group is directly or indirectly owned by:

- (1) a common owner or common owners, either corporate or noncorporate; or
- (2) one (1) or more of the member corporations of the group."

Page 207, delete lines 1 through 9, begin a new paragraph and insert:

"SECTION 218. IC 6-5.5-9-3 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2003]: Sec. 3. If the tax imposed by this article is held inapplicable or invalid with respect to a taxpayer, then notwithstanding the statute of limitations set forth in IC 6-8.1-5-2(a), the taxpayer is liable for the taxes imposed by IC 6-2.1 and IC 6-3 ~~and IC 6-5~~ for the taxable periods with respect to which the tax under this article is held inapplicable or invalid. ~~In addition, personal property is exempt from assessment and property taxation under IC 6-1.1 if:~~"

Page 207, delete lines 21 through 22, begin a new line block indented and insert:

"(1) the gross income tax imposed by IC 6-2.1; and

(2) the income taxes imposed by IC 6-3. ~~and~~".

Page 214, line 37, delete "the business supplemental tax".

Page 214, line 38, delete "(IC 6-2.2);".

Page 217, delete lines 29 through 42, begin a new paragraph and insert:

"SECTION 236. IC 8-1-2-42.4 IS ADDED TO THE INDIANA CODE AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2003]: Sec. 42.4. (a) As used in this section, "public utility" has the meaning set forth in IC 6-2.1-1-9.5.

(b) As used in this section, "qualified increased tax costs" means the greater of:

(1) the difference between the:

(A) total taxes due and payable by a public utility under IC 6-2.1 for a particular taxable year for providing retail public utility service; minus

(B) total taxes due and payable by a public utility under IC 6-2.1 for the taxable year immediately preceding the taxable year described in clause (A) for providing retail public utility service; or

(2) zero (0).

(c) As used in this section, "retail public utility service" means public utility service furnished to a customer for ultimate consumption, but does not include wholesale public utility service furnished by a public utility to a purchaser for resale.

(d) As used in this section, "retail rate adjustment mechanism" means a:

(1) tracking provision;

(2) surcharge provision; or

(3) similar mechanism or provision;

approved by the commission to periodically adjust a public utility's rates and charges for retail public utility service to allow for the recovery of certain costs.

(e) Upon the petition of a public utility, the commission shall allow the public utility to recover through a retail rate adjustment mechanism qualified increased tax costs if the public utility provides substantial documentation of the qualified increased tax costs in a form prescribed by the commission.

(f) Recovery of qualified increased tax costs under this section does not preclude inclusion of the qualified increased tax costs in a public utility's basic rates and charges in subsequent rate proceedings. Any qualified increased tax costs subsequently recovered in the public utility's basic rates and charges may not also be recovered through the retail rate adjustment mechanism under this section.

(g) A retail rate adjustment mechanism proposed by a public utility under this section may be based on actual or forecasted taxes due and payable under IC 6-2.1 for a particular taxable year. If forecasted taxes are used, the retail rate adjustment mechanism must contain a reconciliation mechanism to correct any variance between the public utility's forecasted qualified increased tax costs and the public utility's actual increased tax costs in providing retail public utility service. A public utility may not petition the commission for a change in the retail rate adjustment mechanism more than once during any twelve (12) month period.

(h) A retail rate adjustment resulting from a retail rate adjustment mechanism approved by the commission under this section:

(1) is in addition to any other rate adjustment a public utility may be entitled to under this title; and

(2) is not considered a general increase in the basic rates and charges of the public utility.

(i) When applicable, the commission shall make any adjustments to a public utility's expense tests and return tests during the twelve (12) month test period considered by the commission in an application under section 42(d) or 42(g) of this chapter or under IC 8-1-13-30(d), whichever applies, necessary to permit the public utility to retain the revenues resulting from a retail rate adjustment mechanism approved by the commission under this section."

Delete pages 218 through 219.

Page 220, delete lines 1 through 2.

Page 220, delete lines 22 through 42.

Delete pages 221 through 223.

Page 224, delete lines 1 through 5.

Page 225, delete lines 36 through 42.

Page 226, delete lines 1 through 36.

Page 227, delete lines 29 through 38.

Page 240, delete lines 21 through 28.

Page 241, delete lines 39 through 42.

Page 242, delete lines 1 through 34, begin a new paragraph and

insert:

"SECTION 266. IC 12-24-1-3, AS AMENDED BY P.L.215-2001, SECTION 64, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2002 (RETROACTIVE)]: Sec. 3. (a) The director of the division of mental health and addiction has administrative control of and responsibility for the following state institutions:

- (1) Central State Hospital.
- (2) Evansville State Hospital.
- (3) Evansville State Psychiatric Treatment Center for Children.
- (4) Larue D. Carter Memorial Hospital.
- (5) Logansport State Hospital.
- (6) Madison State Hospital.
- (7) Richmond State Hospital.
- (8) Any other state owned or operated mental health institution.

(b) Subject to the approval of the director of the budget agency and the governor, the director of the division of mental health and addiction may contract for the management and clinical operation of Larue D. Carter Memorial Hospital.

(c) The following apply to the Evansville State Psychiatric Treatment Center for Children:

(1) Notwithstanding any other statute or policy, the division of mental health and addiction may not do the following after December 31, 2001, unless specifically authorized by a statute enacted by the general assembly:

- (A) Terminate, in whole or in part, normal patient care or other operations at the facility.**
- (B) Reduce the staffing levels and classifications below those in effect at the facility on January 1, 2002.**
- (C) Terminate the employment of an employee of the facility except for cause in accordance with IC 4-15-2.**

(2) The division of mental health and addition shall fill a vacancy created by a termination described in subdivision (1)(C) so that the staffing levels at the facility are not reduced below the staffing levels in effect on January 1, 2002.

(3) Notwithstanding any other statute or policy, the division of mental health and addiction may not remove, transfer, or discharge any patient at the facility unless the removal, transfer, or discharge is in the patient's best interest."

Page 243, delete lines 7 through 42.

Page 244, delete lines 1 through 22.

Page 254, delete line 42.

Page 255, delete lines 1 through 4.

Page 257, delete lines 16 through 32.

Page 259, delete lines 34 through 42, begin a new paragraph and insert:

"SECTION 309. IC 20-10-1-16-4, AS AMENDED BY P.L.146-1999, SECTION 6, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2002]: Sec. 4. (a) The board shall:

- (1) authorize the development and implementation of the Indiana statewide testing for educational progress program; and
- (2) determine the date on which the statewide testing is administered in each school corporation.

(b) The state superintendent is responsible for the overall development, implementation, and monitoring of the ISTEP program.

(c) The department shall prepare detailed design specifications for the ISTEP program that must do the following:

- (1) Take into account the academic standards **specified in section 6(a)(1), 6(a)(2), and 6(a)(4) of this chapter.**
- (2) Include testing of students' higher level cognitive thinking in each subject area tested.

SECTION 310. IC 20-10-1-16-7, AS AMENDED BY P.L.146-1999, SECTION 9, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2002]: Sec. 7. (a) The scoring of student responses under an ISTEP test:

- (1) must measure student achievement relative to the academic standards ~~established by the Indiana state board of education;~~ **specified in section 6(a)(1), 6(a)(2), and 6(a)(4) of this chapter;**
- (2) must adhere to scoring rubrics and anchor papers; and

(3) may not reflect the scorer's judgment of the values expressed by a student in the student's responses.

(b) This subsection applies to reports of scores in mathematics and English language arts. Reports must:

(1) provide scores indicating student performance relative to each of the academic standards:

- (A) established by the Indiana state board of education; and
- (B) assessed by the test;

(2) be related to passing scores established by the board; and

(3) contain the information listed in subdivisions (1) and (2) for the following levels:

- (A) Individual student.
- (B) Classroom.
- (C) School.
- (D) School corporation.
- (E) The state of Indiana.

(c) Reports of student scores must be:

- (1) returned to the school corporation that administered the test; and
- (2) accompanied by a guide for interpreting scores.

(d) After reports of student scores are returned to a school corporation, the school corporation shall promptly do the following:

- (1) Give each student and the student's parent or guardian the student's ISTEP scores.
- (2) Make available for inspection to each student and the student's parent or guardian the following:
 - (A) A copy of the essay questions and prompts used in assessing the student.
 - (B) A copy of the student's scored essays.
 - (C) A copy of the anchor papers and scoring rubrics used to score the student's essays.

A student's parent or guardian may request a rescoring of a student's responses to a test, including a student's essay. No individual's ISTEP scores may be disclosed to the public.

(e) After a school receives score reports, the school shall schedule a parent/teacher conference with the following:

- (1) A parent who requests a parent/teacher conference on the scores of the parent's child.
- (2) The parent of each student who does not receive a passing score on the test. The conference must include a discussion of:
 - (A) the student's test scores, including subscores on academic standards; and
 - (B) the proposed remediation plan for the student.

(f) The aggregate results of the ISTEP tests shall be compiled by each school corporation in a manner that will permit evaluation of learning progress within the school corporation. The school corporation shall make the compilation of test results available for public inspection and shall provide that compilation to the parent or guardian of each student tested under the ISTEP program.

(g) The department shall develop a format for the publication by school corporations in an annual performance report required by statute of appropriate academic information required by the department, including ISTEP scores, in a manner that a reasonable person can easily read and understand.

(h) The school corporation shall provide the ISTEP program test results on a school by school basis to the department upon request.

(i) Upon request by the commission for higher education, the department shall provide ISTEP program test results to the commission for those students for whom the commission under 20 U.S.C. 1232(g) has obtained consent.

SECTION 311. IC 20-10-1-17-3, AS AMENDED BY P.L.146-1999, SECTION 14, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2002]: Sec. 3. (a) The board shall adopt clear, concise, and jargon free state academic standards that are comparable to national and international academic standards. These academic standards must be adopted for each grade level from kindergarten through grade 12 for the following subjects:

- (1) English/language arts.
- (2) Mathematics.
- (3) Social studies.
- (4) Science.

For grade levels tested under the ISTEP program, the academic

standards **specified in subdivisions (1), (2), and (4)** must be based in part upon the results of the ISTEP program.

(b) The department shall do the following:

(1) Distribute the academic standards established under this section to each school corporation for distribution by the school corporation to the parent of each student in the school corporation.

(2) Survey parents of students, members of the business community, representatives of higher education, and educators on the importance and applicability of academic standards.

(c) ISTEP program testing shall be administered in the following subject areas:

(1) English/language arts.

(2) Mathematics.

(3) Beginning in school year 2002-2003, science, in grade levels determined by the board.

(4) ~~Beginning in school year 2003-2004, social studies, in grade levels determined by the board."~~

Delete pages 260 through 261.

Page 262, delete lines 1 through 20.

Page 263, delete lines 7 through 42.

Delete page 264.

Page 265, delete lines 1 through 10.

Page 265, delete lines 29 through 42.

Page 266, delete lines 1 through 40.

Page 267, delete lines 10 through 42.

Delete pages 268 through 270.

Page 271, delete lines 1 through 8.

Page 271, line 13, reset in roman "corporate gross".

Page 271, line 14, reset in roman "income taxes,".

Page 271, line 15, delete "business supplemental tax,".

Page 271, line 38, reset in roman "gross income taxes,".

Page 271, line 40, delete "business supplemental tax,".

Page 276, line 25, reset in roman "the gross income tax,".

Page 276, line 27, delete "business supplemental tax,".

Page 276, line 31, reset in roman "gross income taxes,".

Page 276, line 33, delete "business supplemental tax,".

Page 277, line 37, reset in roman "gross income taxes,".

Page 277, line 38, delete "business".

Page 277, line 39, delete "supplemental tax,".

Page 278, delete lines 9 through 42.

Page 279, delete lines 1 through 2.

Page 283, line 24, after "individual" insert **"who resides in the county described in subsection (a)".**

Page 283, line 26, after "individual" insert **"who resides in the county described in subsection (a)".**

Page 340, line 27, delete "IC 6-2.1-1-0.5; IC 6-2.1-1-0.6;".

Page 340, delete lines 28 through 34.

Page 340, line 35, delete "IC 6-2.1-4.5; IC 6-2.1-8-4; IC 6-3-2; IC 6-3-7-1:".

Page 343, delete lines 41 through 42.

Page 344, delete lines 1 through 36.

Page 345, delete lines 23 through 42.

Page 346, delete lines 1 through 9.

Page 346, line 15, delete "and".

Page 346, line 17, delete "." and insert **"; and**

(4) is a public utility (as defined in IC 6-2.1-1-9.5, as added by this act)."

Page 347, line 6, delete "2002." and insert **"2003."**

Page 347, line 9, delete "2003." and insert **"2004."**

Page 347, between lines 15 and 16, begin a new line block indented and insert:

"(4) Increased property tax replacement credits (IC 6-1.1-21).

(5) Inventory tax credit (IC 6-3.5-23.8)."

Page 347, line 17, delete "2003." and insert **"2004."**

Page 349, delete lines 14 through 17, begin a new paragraph and insert:

"SECTION 385. [EFFECTIVE JULY 1, 2002] Beginning July 1, 2002, any rules, policies, or programs that provide for the expansion of the ISTEP program or related remediation programs in social studies are void."

Page 355, line 10, after "2002." insert **"All employees of state agencies on July 1, 2002, shall receive a general salary increase of two percent (2%). All pay schedules of state agencies in effect on July 1, 2002, are increased by two percent (2%)."**

Page 355, delete lines 13 through 27, begin a new paragraph and insert:

"(d) Subsection (b) and IC 6-3-7-3 apply to employees working for state agencies if the agency is funded from the state general fund, dedicated funds, dedicated accounts, or federal funds.

(e) Subsection (b) and IC 6-3-7-3 do not apply to a person for whom a salary is specifically set in state law."

Page 355, line 37, after "appropriation." insert **"The state agency to which the money is appropriated must spend the money as appropriated without any reversion at the end of the state fiscal year. All procedures related to the allotment and distribution of the money for appropriated expenditures shall be treated as clerical functions without any statutory discretion."**

Page 357, delete lines 29 through 42.

Page 358, delete lines 1 through 18, begin a new paragraph and insert:

"SECTION 397. [EFFECTIVE JULY 1, 2001 (RETROACTIVE)]

(a) Notwithstanding any notice sent after June 30, 2001, the division of mental health and addiction may not terminate or lay off any employee at the Evansville State Psychiatric Treatment Center for Children after June 30, 2001, solely as a part of a staff reduction plan.

(b) Notwithstanding any other statute or policy, any employee at the Evansville State Psychiatric Treatment Center for Children terminated or laid off after June 30, 2001, solely as a part of a staff reduction plan shall have a preference for recall or reemployment at the facility.

(c) This SECTION does not prohibit, after June 30, 2001, the termination of the employment of an employee for cause in accordance with IC 4-15-2. However, the division of mental health and addiction shall fill a vacancy created by the termination so that the staffing levels at the Evansville State Psychiatric Treatment Center for Children are not reduced below the staffing levels in effect on January 1, 2002.

SECTION 398. [EFFECTIVE UPON PASSAGE] In addition to the requirements of any other law concerning procedures for the closure of Muscatatuck State Developmental Center, the director of the division of disability, aging, and rehabilitative services may not complete the closure of Muscatatuck State Developmental Center until residents of the center are placed in adequate placements that meet the following criteria:

(1) The placements must appropriately meet the capabilities and needs of the residents.

(2) The placements must be located reasonably close to the families of residents so that the families may maintain the same level of contact with the residents that the families had before the residents were transferred from Muscatatuck State Developmental Center.

(3) The placements must be presented to the individual or the individual's representative for the person's input.

If there is a conflict between the provisions of this SECTION and SEA 217-2002 with respect to the criteria for the placements described in this SECTION, it is the intent of the general assembly that the criteria listed in this SECTION apply instead of those listed in SEA 217-2002."

Page 361, between lines 9 and 10, begin a new paragraph and insert:

"SECTION 403. [EFFECTIVE JULY 1, 2002] (a) It is the intent of the general assembly to use additional revenue resulting from the limitation made by this act on the amount of assessed value to which the homestead credit under IC 6-1.1-20.9-2 applies to restore cuts made to project safeplace, the youth services bureau, and the domestic violence program for the state fiscal year beginning July 1, 2002, and ending June 30, 2003. If insufficient money is saved in the state fiscal year beginning July 1, 2002, and ending June 30, 2003, by these changes to the homestead credit to fully restore the cuts, the amount saved shall be prorated among the programs described in this SECTION.

(b) Notwithstanding P.L.219-2001, SECTION 7, the appropriation FOR THE FAMILY AND SOCIAL SERVICES ADMINISTRATION, EARLY CHILDHOOD INTERVENTION SERVICES/PROJECT SAFEPLACE, Total Operating Expense for FY 2002-2003 is \$0 and not \$6,583,433.

(c) There is appropriated to the family and social services administration six million four hundred fifty-eight thousand four hundred thirty-three dollars (\$6,458,433) for total operating expense from the state general fund for early childhood intervention services for the state fiscal year beginning July 1, 2002, and ending June 30, 2003.

(d) There is appropriated to the family and social services administration one hundred twenty-five thousand dollars (\$125,000) for total operating expense from the state general fund for project safeplace for the state fiscal year beginning July 1, 2002, and ending June 30, 2003.

(e) Notwithstanding IC 4-12-1-12, IC 4-13-2-18, or any other law or rule, the appropriation of one hundred twenty-five thousand dollars (\$125,000) for project safeplace made in subsection (d) for FY 2002-2003, is automatically allotted on a quarterly basis for the state fiscal year beginning July 1, 2002, and ending June 30, 2003.

(f) The money allotted in subsection (e) must be used for project safeplace, and the total amount of money allotted under subsection (e) must be spent by the family and social services administration for project safeplace in the state fiscal year beginning July 1, 2002, and ending June 30, 2003.

(g) Notwithstanding IC 4-12-1-12, IC 4-13-2-18, or any other law or rule, the appropriation of one million two hundred fifty thousand dollars (\$1,250,000) FOR THE FAMILY AND SOCIAL SERVICES ADMINISTRATION, YOUTH SERVICES BUREAU, Total Operating Expense made in P.L.291-2001, SECTION 7, for FY 2002-2003, is automatically allotted on a quarterly basis for the state fiscal year beginning July 1, 2002, and ending June 30, 2003.

(h) The money allotted in subsection (g) must be used for the youth services bureau and the total amount of money allotted under subsection (g) must be spent by the family and social services administration for the youth services bureau in the state fiscal year beginning July 1, 2002, and ending June 30, 2003.

(i) Notwithstanding IC 4-12-1-12, IC 4-13-2-18, or any other law or rule, the general fund appropriation of one million dollars (\$1,000,000) FOR THE FAMILY AND SOCIAL SERVICES ADMINISTRATION, DOMESTIC VIOLENCE PREVENTION AND TREATMENT PROGRAM, Total Operating Expense made in P.L.291-2001, SECTION 7, for FY 2002-2003, is automatically allotted on a quarterly basis for the state fiscal year beginning July 1, 2002, and ending June 30, 2003.

(j) The money allotted in subsection (i) must be used for the domestic violence prevention and treatment program and the total amount of money allotted under subsection (g) must be spent by the family and social services administration for the domestic violence prevention and treatment program in the fiscal year beginning July 1, 2002, and ending June 30, 2003.

(k) This SECTION expires July 1, 2003.

SECTION 404. [EFFECTIVE JANUARY 1, 2002 (RETROACTIVE)] (a) This SECTION applies notwithstanding the repeal of 50 IAC 4.2 and 50 IAC 5.1.

(b) The definitions in IC 6-1.1-1 apply throughout this SECTION.

(c) 50 IAC 4.3 and 50 IAC 5.2 apply for purposes of property taxes first due and payable in 2003, except as provided in subsection (d).

(d) For purposes of property taxes first due and payable in 2003, the following apply in the assessment of tangible personal property:

- (1) The ten percent (10%) of cost assessment provisions of:
 - (A) 50 IAC 4.2-6-1 for tangible personal property not placed in service; and
 - (B) 50 IAC 5.1-9-1 for construction in progress.
- (2) The depreciation percentage factors in 50 IAC 4.2-4-7.
- (e) 50 IAC 4.3 and 50 IAC 5.2 are void to the extent they

conflict with this SECTION.

(f) In the manner and by the deadlines stated in IC 6-1.1-16-1, the:

- (1) township assessor shall make the adjustments required by subsection (d) to the assessments of all property subject to 50 IAC 4.3; and
- (2) department of local government finance shall make the adjustments required by subsection (d) to the assessments of all property subject to 50 IAC 5.1.

(g) The department of local government finance may adopt temporary rules in the manner provided for the adoption of emergency rules under IC 4-22-2-37.1 to implement this SECTION. A temporary rule adopted under this subsection expires on the earliest of the following:

- (1) The date that another temporary rule adopted under this subsection supersedes the prior temporary rule.
- (2) The date that permanent rules adopted under IC 4-22-2 supersede the temporary rule.
- (3) January 1, 2004.

(h) This SECTION expires January 1, 2004."

Renumber all SECTIONS consecutively.

(Reference is to HB 1001(ss) as printed June 3, 2002.)

BAUER

Upon request of Representatives Bauer and Cochran, the Speaker ordered the roll of the House to be called. Roll Call 4: yeas 87, nays 9. Motion prevailed.

HOUSE MOTION

(Amendment 1001 (ss)-6)

Mr. Speaker: I move that House Bill 1001 (ss) be amended to read as follows:

Page 207, delete lines 28 through 42, begin a new paragraph and insert:

"SECTION 220. IC 6-6-1.1-201 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2003]: Sec. 201. A license tax of fifteen cents (\$0.15) per gallon is imposed on the use of all gasoline used in Indiana, except as otherwise provided by this chapter. The rate of the tax is:

- (1) eighteen cents (\$0.18) per gallon on gasoline used in Indiana during 2003;
- (2) twenty cents (\$0.20) per gallon on gasoline used in Indiana during 2004; and
- (3) twenty-two cents (\$0.22) per gallon on gasoline used in Indiana after 2004.

The distributor shall initially pay the tax on the billed gallonage of all gasoline the distributor receives in this state, less any deductions authorized by this chapter. The distributor shall then add the per gallon amount of tax to the selling price of each gallon of gasoline sold in this state and collected from the purchaser so that the ultimate consumer bears the burden of the tax.

SECTION 221. IC 6-6-1.1-801.5 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2003]: Sec. 801.5. (a) The administrator shall transfer ~~one-fifteenth (1/15)~~ the following amounts of the taxes that are collected under this chapter to the state highway road construction and improvement fund:

- (1) Two eightieths (2/18) of the taxes that are collected under this chapter during 2003.
- (2) Two twentieths (2/20) of the taxes that are collected under this chapter during 2004.
- (3) Two twenty-seconds (2/22) of the taxes that are collected under this chapter after 2004.

(b) The administrator shall transfer the following amounts of taxes that are collected under this chapter to the state highway fund:

- (1) One eighteenth (1/18) of the taxes that are collected under this chapter during 2003.
- (2) Two twentieths (2/20) of the taxes that are collected under this chapter during 2004.
- (3) Three twenty-seconds (3/22) of the taxes that are collected under this chapter after 2004.

(c) The administrator shall transfer the following amounts of taxes that are collected under this chapter to the auditor of state

for distribution to counties, cities, and towns:

- (1) One eighteenth (1/18) of the taxes that are collected under this chapter during 2003.
- (2) Two twentieths (2/20) of the taxes that are collected under this chapter during 2004.
- (3) Three twenty-seconds (3/22) of the taxes that are collected under this chapter after 2004.

The auditor of state shall distribute the amounts described in this subsection to each of the counties, cities, and towns eligible to receive a distribution from the motor vehicle highway account under IC 8-14-1 and in the same proportion among the counties, cities, and towns as funds are distributed from the motor vehicle highway account under IC 8-14-1. Money distributed under this subsection may be used only for purposes that money distributed from the motor vehicle highway account may be expended under IC 8-14-1.

(b) (d) After the transfer transfers required by subsection subsections (a) through (c), the administrator shall transfer the next twenty-five million dollars (\$25,000,000) of the taxes that are collected under this chapter and received during a period beginning July 1 of a year and ending June 30 of the immediately succeeding year to the auditor of state for distribution in the following manner:

- (1) thirty percent (30%) to each of the counties, cities, and towns eligible to receive a distribution from the local road and street account under IC 8-14-2 and in the same proportion among the counties, cities, and towns as funds are distributed under IC 8-14-2-4;
- (2) thirty percent (30%) to each of the counties, cities, and towns eligible to receive a distribution from the motor vehicle highway account under IC 8-14-1 and in the same proportion among the counties, cities, and towns as funds are distributed from the motor vehicle highway account under IC 8-14-1; and
- (3) forty percent (40%) to the Indiana department of transportation.

(c) (e) The auditor of state shall hold all amounts of collections received under subsection (b) (d) from the administrator that are made during a particular month and shall distribute all of those amounts pursuant to subsection (b) (d) on the fifth day of the immediately succeeding month.

(d) (f) All amounts distributed under subsection (b) (d) may only be used for purposes that money distributed from the motor vehicle highway account may be expended under IC 8-14-1."

Page 208, delete lines 1 through 37.

Page 217, delete lines 39 through 42.

Delete pages 218 through 219.

Page 220, delete lines 1 through 2.

Page 225, between lines 35 and 36, begin a new paragraph and insert:

"SECTION 241. IC 8-23-9-54 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2003]: Sec. 54. (a) To provide funds for carrying out the provisions of this chapter, there is created a state highway fund from the following sources:

- (1) All money in the general fund to the credit of the state highway account.
- (2) All money that is received from the Department of Transportation or other federal agency and known as federal aid.
- (3) All money paid into the state treasury to reimburse the state for money paid out of the state highway fund.
- (4) All money provided by Indiana law for the construction, maintenance, reconstruction, repair, and control of public highways, as provided under this chapter.
- (5) All money that on May 22, 1933, was to be paid into the state highway fund under contemplation of any statute in force as of May 22, 1933.
- (6) All money that may at any time be appropriated from the state treasury.
- (7) Any part of the state highway fund unexpended at the expiration of any fiscal year, which shall remain in the fund and be available for the succeeding years.
- (8) Any money credited to the state highway fund from the motor vehicle highway account under IC 8-14-1-3(4).

(9) Any money credited to the state highway fund from the highway road and street fund under IC 8-14-2-3.

(10) Any money credited to the state highway fund under IC 6-6-1.1-801.5, IC 6-6-4.1-5, or IC 8-16-1-17.1.

(b) All expenses incurred in carrying out this chapter shall be paid out of the state highway fund."

Page 347, delete lines 18 through 37.

Page 348, delete lines 14 through 34.

Renumber all SECTIONS consecutively.

(Reference is to HB 1001(ss) as printed June 3, 2002.)

LIGGETT

After discussion, Representative Liggett withdrew the motion.

HOUSE MOTION (Amendment 1001 (ss)-46)

Mr. Speaker: I move that House Bill 1001 (ss) be amended to read as follows:

Replace the effective date in SECTION 134 with "[EFFECTIVE JULY 1, 2002]".

Replace the effective date in SECTIONS 145 through 150 with "[EFFECTIVE JULY 1, 2002]".

Page 1, delete lines 1 through 17.

Delete pages 2 through 3.

Page 4, delete lines 1 through 29, begin a new paragraph and insert:

"SECTION 1. IC 4-3-12-1 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2003]: Sec. 1. (a) As used in this chapter, "Indiana small business development corporation" or "corporation" refers to the corporation established under this section.

(b) The governor may request, on behalf of the state, the establishment of a private not-for-profit corporation to carry out the purposes of this chapter. If:

- (1) such a corporation is established;
- (2) the corporation satisfies the conditions imposed by section 2 of this chapter; and
- (3) the governor certifies the corporation;

the corporation may perform the functions provided by section 3 of this chapter. Before certification by the governor, the corporation must conduct a public hearing for the purpose of giving all interested parties an opportunity to review and comment upon the articles of incorporation, bylaws, and methods of operation of the corporation. Notice of the hearing must be given at least fourteen (14) days prior to the hearing in accordance with IC 5-14-1.5-5(b).

(c) The corporation, after being established and certified under this section, is part of the economic development corporation under IC 4-3-13.7. The articles of incorporation and bylaws of the corporation shall be amended to reflect that the board of the corporation is advisory to the economic development corporation.

SECTION 3. IC 4-3-12-2, AS AMENDED BY P.L.58-2002, SECTION 1, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2003]: Sec. 2. (a) The articles of incorporation and bylaws of the Indiana small business development corporation must provide that:

- (1) the exclusive purpose of the corporation is to contribute to the strengthening of the economy of the state by encouraging the organization and development of new business enterprises, including technologically oriented enterprises;
- (2) the board of directors of the corporation is composed of:
 - (A) the lieutenant governor or the lieutenant governor's designee;
 - (B) two (2) persons appointed by the governor from recommendations provided by statewide business organizations;
 - (C) two (2) persons appointed by the governor to represent local host organizations of the small business development center network;
 - (D) three (3) persons appointed by the governor, who must have experience in business, finance, education, entrepreneurship, or technology development; and
 - (E) one (1) person appointed by the governor to represent nontraditional entrepreneurs (as defined in IC 4-3-13-6);

(3) the governor shall appoint one (1) of the members of the board of directors to serve as chairman of the board at the pleasure of the governor; shall elect one (1) member of the board of directors of the corporation to serve as chairperson;

(4) the corporation may receive money from any source, may enter into contracts, and may expend money for any activities appropriate to its purpose;

(5) subject to approval of the economic development corporation established by IC 4-3-13.7, the corporation may appoint staff and do all other things necessary or incidental to carrying out the functions listed in section 3 of this chapter;

(6) any changes in the articles of incorporation or bylaws must be approved by the governor; economic development corporation;

(7) the corporation shall submit an annual report to the governor and to the Indiana general assembly on or before the first day of November for each year;

(8) the annual report shall include detailed information on the structure, operation, and financial status of the corporation;

(9) the corporation shall conduct an annual public hearing to receive comment from interested parties regarding the annual report, and notice of the hearing shall be given at least fourteen (14) days prior to the hearing in accordance with IC 5-14-1.5-5(b); and

(10) the corporation is subject to an annual audit by the state board of accounts, and the corporation shall bear the full costs of this audit.

(b) Not more than five (5) of the members of the board of directors of the corporation may be members of the same political party.

SECTION 4. IC 4-3-13.7 IS ADDED TO THE INDIANA CODE AS A NEW CHAPTER TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2003]:

Chapter 13.7. Economic Development Corporation

Sec. 1. As used in this chapter, "corporation" refers to the economic development corporation established by section 2 of this chapter.

Sec. 2. (a) There is established a body politic and corporate, not a state agency but an independent instrumentality exercising essential public functions, to be known as the economic development corporation.

(b) The corporation is composed of the following thirteen (13) members, none of whom may serve as members of the general assembly while serving as members under this section:

(1) One (1) person appointed by the governor who must be employed in or retired from the private or nonprofit sector.

(2) One (1) person appointed by the lieutenant governor who must be employed in or retired from the private or nonprofit sector.

(3) One (1) person appointed by the speaker of the house of representatives who must be employed in or retired from the private or nonprofit sector.

(4) One (1) person appointed by the minority leader of the house of representatives who must be employed in or retired from the private or nonprofit sector.

(5) One (1) person appointed by the president pro tempore of the senate who must be employed in or retired from the private or nonprofit sector.

(6) One (1) person appointed by the minority leader of the senate who must be employed in or retired from the private or nonprofit sector.

(7) One (1) person appointed by the president of Indiana University who must be employed in or retired from the private or nonprofit sector or academia.

(8) One (1) person appointed by the president of Purdue University who must be employed in or retired from the private or nonprofit sector or academia.

(9) One (1) person appointed by the president of Indiana State University who must be employed in or retired from the private or nonprofit sector or academia.

(10) One (1) person appointed by the president of Ball State University who must be employed in or retired from the

private or nonprofit sector or academia.

(11) One (1) person appointed by the president of the University of Southern Indiana who must be employed in or retired from the private or nonprofit sector or academia.

(12) One (1) person appointed by the president of Ivy Tech State College who must be employed in or retired from the private or nonprofit sector or academia.

(13) One (1) person appointed by the president of Vincennes University who must be employed in or retired from the private or nonprofit sector or academia.

Sec. 3. Appointments to the corporation are for terms of four (4) years. Each member shall hold office for the term of appointment and shall continue to serve after expiration of the appointment until a successor is appointed and qualified. Members are eligible for reappointment.

Sec. 4. (a) The members shall elect one (1) member to serve as chairperson.

(b) The members of the corporation are entitled to a salary per diem for attending meetings equal to the per diem provided by law for members of the general assembly. The members of the corporation shall receive reimbursement for actual and necessary expenses on the same basis as state employees.

Sec. 5. A majority of members appointed to the commission constitutes a quorum for the transaction of business. The affirmative vote of at least a majority of the members appointed to the commission is necessary for any action to be taken by the corporation. Members may vote by written proxy delivered in advance to any other member who is present at the meeting.

Sec. 6. Meetings of the corporation shall be held at the call of the chairperson or whenever any three (3) members request a meeting. The members shall meet at least once every three (3) months to attend to the business of the corporation.

Sec. 7. (a) The corporation may, without the approval of the attorney general or any other state officer, employ bond counsel, other legal counsel, technical experts, and other officers, agents, and employees, permanent or temporary, the corporation considers necessary to carry out the efficient operation of the corporation.

(b) The corporation shall determine qualifications, duties, compensation, and terms of service for persons employed under subsection (a).

(c) Employees of the corporation are not employees of the state.

Sec. 8. The corporation is granted all powers necessary or appropriate to carry out and effectuate the corporation's public and corporate purposes under this chapter.

Sec. 9. The purpose of the corporation is to improve the quality of life for the citizens of Indiana by encouraging:

(1) the diversification of Indiana's economy;

(2) the creation of new jobs;

(3) the retention of existing jobs;

(4) the growth and modernization of existing industry; and

(5) the promotion of the state.

Sec. 10. The corporation shall be responsible for overseeing the operations of the Indiana small business development corporation under IC 4-3-12 and the Indiana economic development council under IC 4-3-14.

Sec. 11. The corporation may incur debt. Debt incurred by the corporation does not represent or constitute a debt of the state within the meaning of the Constitution of the State of Indiana or Indiana statutes.

SECTION 5. IC 4-3-14-4 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2003]: Sec. 4. (a) The articles of incorporation or bylaws of the corporation, as appropriate, must provide that:

(1) the exclusive purpose of the corporation is to contribute to the strengthening of the economy of the state by:

(A) coordinating the activities of all parties having a role in the state's economic development through evaluating, overseeing, and appraising those activities on an ongoing basis;

(B) overseeing the implementation of the state's economic

development plan and monitoring the updates of that plan; and

(C) educating and assisting all parties involved in improving the long range vitality of the state's economy;

(2) the board must include:

(A) ~~the governor;~~

~~(B) (A) a designee of the lieutenant governor;~~

~~(C) the chief operating officer of the corporation;~~

~~(D) the chief operating officer of the corporation for Indiana's international future; and~~

~~(E) (B) additional eight (8) persons appointed by the governor, not more than four (4) of whom may be of the same political party, who are actively engaged in Indiana in private enterprise, organized labor, state or local governmental agencies, and education, and who represent the diverse economic and regional interests throughout Indiana;~~

(3) ~~the governor shall serve as chairman of the board of the corporation, and the lieutenant governor shall serve as the members, with the approval of the economic development corporation established by IC 4-3-13.7, shall select an chief executive officer executive director of the corporation;~~

(4) ~~the governor members shall appoint elect as vice chairman of the board a member of the board engaged in private enterprise;~~

(5) ~~the lieutenant governor executive director of the corporation shall be responsible as chief executive officer for overseeing implementation of the state's economic development plan as articulated by the corporation and shall oversee the activities of the corporation's chief operating officer; corporation;~~

~~(6) the governor may appoint an executive committee composed of members of the board (size and structure of the executive committee shall be set by the articles and bylaws of the corporation);~~

~~(7) (6) the corporation may receive funds from any source and may expend funds for any activities necessary, convenient, or expedient to carry out its purposes;~~

~~(8) (7) any amendments to the articles of incorporation or bylaws of the corporation must be approved by the governor board of the economic development corporation;~~

~~(9) (8) the corporation shall submit an annual report to the governor and to the Indiana general assembly on or before the first day of November for each year;~~

~~(10) (9) the corporation shall conduct an annual public hearing to receive comment from interested parties regarding the annual report, and notice of the hearing shall be given at least fourteen (14) days prior to the hearing in accordance with IC 5-14-1.5-5(b); and~~

~~(11) (10) the corporation is subject to an annual audit by the state board of accounts, and the corporation shall bear the full costs of this audit.~~

(b) The corporation may perform other acts and things necessary, convenient, or expedient to carry out the purposes identified in this section, and it has all rights, powers, and privileges granted to corporations by IC 23-17 and by common law.

SECTION 6. IC 4-4-3-1 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2003]: Sec. 1. As used in this chapter:

"Department" shall mean the department of ~~commerce~~ **tourism and community development** provided for by this chapter.

"Director" shall mean the director of the department.

SECTION 7. IC 4-4-3-2 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2003]: Sec. 2. There is hereby created a state department to be known as the department of ~~commerce~~ **tourism and community development**. The lieutenant governor, by virtue of his office, shall serve as director of the department and commissioner of agriculture, and he shall receive no additional salary in these capacities.

SECTION 8. IC 4-4-3.4-4 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2002]: Sec. 4. (a) The value

added research fund is established for the purpose of providing money for the center for value added research and the commissioner of agriculture to carry out the duties specified under this chapter. The fund shall be administered by the commissioner of agriculture.

(b) The fund consists of money appropriated by the general assembly.

(c) The treasurer of state shall invest the money in the fund not currently needed to meet the obligations of the fund in the same manner as other public funds may be invested.

(d) Money in the fund at the end of a state fiscal year does not revert to the state general fund.

~~(e) There is annually appropriated to the value added research fund one million dollars (\$1,000,000) from the state general fund for carrying out the purposes of the fund described in subsection (a).~~

SECTION 9. IC 4-4-9.3 IS ADDED TO THE INDIANA CODE AS A NEW CHAPTER TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2002]:

Chapter 9.3. Rural Development Administration Fund

Sec. 1. (a) The rural development administration fund is established for the purpose of enhancing and developing rural communities. The fund shall be administered by the Indiana rural development council.

(b) The expenses of administering the fund shall be paid from the money in the fund.

(c) Notwithstanding IC 5-13, the treasurer of state shall invest the money in the fund not currently needed to meet the obligations of the fund under IC 5-10.3-5. The treasurer of state may contract with investment management professionals, investment advisers, and legal counsel to assist in the management of the fund and may pay the state expenses incurred under those contracts.

(d) Money in the fund at the end of a state fiscal year does not revert to the state general fund.

Sec. 2. (a) Money in the fund may be used for the following purposes:

(1) To create, assess, and assist a pilot project to enhance the economic and community development in a rural area.

(2) To establish a local revolving loan fund for an industrial, a commercial, an agricultural, or a tourist venture.

(3) To provide a loan for an economic development project in a rural area.

(4) To provide technical assistance to a rural organization.

(5) To assist in the development and creation of a rural cooperative.

(6) To address rural workforce development challenges.

(7) To assist in addressing telecommunications needs in a rural area.

(b) Expenditures from the fund are subject to appropriation by the general assembly and approval by the Indiana rural development council under IC 4-4-9.5. The council may not approve an expenditure from the fund unless the rural development administration advisory board established by section 4 of this chapter has recommended the expenditure.

Sec. 3. (a) There is annually appropriated to the rural development administration fund two million five hundred thousand dollars (\$2,500,000) from the state general fund for use in carrying out the purposes set forth in section 2 of this chapter.

(b) The money appropriated by this section does not revert to the state general fund at the close of any fiscal year but remains available to the rural development administration fund until the purpose for which it was appropriated is fulfilled.

Sec. 4. (a) The rural development administration advisory board is established to make recommendations concerning the expenditure of money from the fund.

(b) The advisory board shall meet at least four (4) times per year and shall also meet at the call of the executive director of the rural development council.

(c) The advisory board consists of the following members:

(1) The executive director of the Indiana rural development council, who serves as an ex officio member and as the

chairperson of the advisory board.

(2) Two (2) members of the senate, who may not be members of the same political party, and who are appointed by the president pro tempore of the senate.

(3) Two (2) members of the house of representatives, who may not be members of the same political party, and who are appointed by the speaker of the house of representatives.

(4) A representative of the commissioner of agriculture, to be appointed by the governor.

(5) A representative of the department of commerce, to be appointed by the governor.

(6) A representative of the department of workforce development, to be appointed by the governor.

(7) Two (2) persons with knowledge and experience in state and regional economic needs, to be appointed by the governor.

(8) A representative of a local rural economic development organization, to be appointed by the governor.

(9) A representative of a small town or rural community, to be appointed by the governor.

(10) A representative of the rural development council, to be appointed by the governor.

(11) A representative of rural education, to be appointed by the governor.

(12) A representative of the league of regional conservation and development districts, to be appointed by the governor.

(13) A person currently enrolled in rural secondary education, to be appointed by the governor.

(d) The members of the advisory board listed in subsection (c)(1) through (c)(3) are nonvoting members.

(e) The term of office of a legislative member of the advisory board is four (4) years. However, a legislative member of the advisory board ceases to be a member if the member:

(1) is no longer a member of the chamber from which the member was appointed; or

(2) is removed from the advisory board by the appointing authority who appointed the legislator.

(f) The term of office of a voting member of the advisory board is four (4) years. However, these members serve at the pleasure of the governor and may be removed for any reason.

(g) If a vacancy exists on the advisory board, the appointing authority who appointed the former member whose position has become vacant shall appoint an individual to fill the vacancy for the balance of the unexpired term.

(h) Six (6) voting members of the advisory board constitute a quorum for the transaction of business at a meeting of the advisory board. The affirmative vote of at least six (6) voting members is necessary for the advisory board to take action.

SECTION 10. IC 4-4-9.5-4 IS ADDED TO THE INDIANA CODE AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2002]: Sec. 4. (a) There is annually appropriated to the Indiana rural development council one million two hundred thousand dollars (\$1,200,000) from the state general fund for its use in carrying out the purposes of this chapter.

(b) The money appropriated by this section does not revert to the state general fund at the close of any fiscal year but remains available to the Indiana rural development council until the purpose for which it was appropriated is fulfilled."

Page 5, delete lines 17 through 42.

Delete pages 6 through 12.

Page 13, delete lines 1 through 13, begin a new paragraph and insert:

"SECTION 11. IC 4-10-20 IS ADDED TO THE INDIANA CODE AS A NEW CHAPTER TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]:

Chapter 20. Indiana Tax Restructuring Account

Sec. 1. As used in this chapter, "account" refers to the Indiana tax restructuring account established in the state general fund by section 2 of this chapter.

Sec. 2. The Indiana tax restructuring account is established in

the state general fund.

Sec. 3. The budget agency shall administer the account.

Sec. 4. Money in the account may be used only to pay or offset the increased liability or lost revenue resulting from an action of the general assembly in 2002 to establish or increase a credit or deduction against state tax liability, a property tax credit, or a property tax replacement credit.

Sec. 5. Money in the account may be transferred to other accounts in the state general fund or another fund only after the action is reviewed by the budget committee.

Sec. 6. Money in the account is restricted for the purposes described in section 4 of this chapter and does not revert at the end of a state fiscal year for general use in the state general fund.

Sec. 7. There is annually appropriated from the account the amount necessary to make the transfers required to accomplish the purposes set forth in section 4 of this chapter.

SECTION 12. IC 4-10-21 IS ADDED TO THE INDIANA CODE AS A NEW CHAPTER TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]:

Chapter 21. General Expenditure Controls

Sec. 1. As used in this chapter, "base year" means the state fiscal year beginning July 1, 2001, and ending June 30, 2002.

Sec. 2. As used in this chapter, "budget period" means the biennium beginning July 1 of an odd-numbered year.

Sec. 3. As used in this chapter, "state spending cap" refers to the maximum limit on expenditures established by section 8 of this chapter.

Sec. 4. As used in this chapter, "controlled state fund" refers to the state general fund and the property tax replacement fund.

Sec. 5. As used in this chapter, "expenditures" refers to an expenditure from a controlled state fund in a state fiscal year. The term does not include the following:

(1) A payment of a tax refund or refundable tax credit related to a state tax liability.

(2) A transfer between controlled state funds or accounts within a controlled state fund.

(3) The costs of judgments and settlements.

(4) Distributions to local governmental units of money to replace property tax replacement credits extended to taxpayers and other revenue sharing distributions.

Sec. 6. (a) As used in this chapter, "total state revenue" means the total amount of revenue that is:

(1) received by the state for a state fiscal year from a tax, a fee, a refund, an award, a settlement, a distribution from the federal government, a transfer from the counter-cyclical revenue and economic stabilization fund under IC 4-10-18-4, or a transfer from the counter-cyclical revenue and economic stabilization fund under IC 4-10-18-8; and

(2) deposited in a controlled state fund.

(b) Except as provided in subsection (a), the term does not include the following:

(1) Money transferred from a fund that is not a controlled state fund to a controlled state fund.

(2) A distribution from the federal government that is expended without an appropriation by the general assembly.

Sec. 7. (a) For purposes of this chapter, the growth index is one and four-hundredths (1.04).

(b) The growth index is multiplied by:

(1) for the state fiscal year beginning July 1, 2003, and ending June 30, 2004, the base year spending; and

(2) for each state fiscal year beginning after June 30, 2004, the amount of the maximum expenditures determined under this chapter for the immediately preceding state fiscal year;

to determine the maximum expenditures allowed from controlled funds for a state fiscal year.

(c) Not later than January 1 in each odd-numbered year, the budget agency shall publish the amount of maximum expenditures from controlled funds determined under this chapter for each state fiscal year in the ensuing budget period.

Sec. 8. Except as provided in section 10 of this chapter, the:

- (1) general assembly shall not appropriate; and
- (2) budget director may not allot;

more for expenditures in a state fiscal year than the amount of base year spending adjusted by the growth index.

Sec. 9. (a) An increase in the spending cap, other than by an increase in the growth index, may occur only if at least one (1) of the following occurs:

- (1) A spending responsibility has shifted from another level of government to the state.
- (2) A spending responsibility has shifted from a fund not limited by this chapter to a fund limited by this chapter.
- (3) There has been:
 - (A) an expansion of:
 - (i) state services; and
 - (ii) state spending; and
 - (B) a tax increase that is dedicated to these state services and spending.

(b) An increase in the spending cap requires the approval of a two-thirds (2/3) majority of the house of representatives and a two-thirds (2/3) majority of the senate.

Sec. 10. The general assembly, in a regular session, may authorize an emergency appropriation by enacting a public law that contains all the statements described in section 11 of this chapter in a supplemental appropriations act. The act must be approved by a two-thirds (2/3) majority of the house of representatives and a two-thirds (2/3) majority of the senate.

Sec. 11. An act described in section 10 of this chapter must contain the following:

- (1) A statement that all spending authorized in the act is beyond the limits of the state spending cap.
- (2) A description of the additional amount of emergency expenditures and an explanation of the specific circumstances that created the need for a supplemental appropriation.

Language in a bill such as "Notwithstanding IC 4-10-21" or "IC 4-10-21 does not apply to this appropriation" shall not be treated as meeting the requirements of this section. The budget agency may consider the language described in this section or other language that does not meet the requirements of this section only in determining which appropriations to make available for expenditure under section 8 or 10 of this chapter.

Sec. 12. Except as allowed in an emergency appropriation and allotment under section 10 of this chapter, all appropriations for expenditures for a state fiscal year, including continuing appropriations, are void if the total amount appropriated for expenditures exceeds the state spending cap for the state fiscal year that is allowed under section 8 of this chapter. If the appropriations for a state fiscal year are voided under this section, the general assembly in a regular or special session may reappropriate an amount that does not exceed the state spending cap allowed under section 8 of this chapter.

Sec. 13. (a) Reductions in the state spending cap are mandatory in each year when spending responsibility is:

- (1) shifted from the state to another level of government; or
- (2) transferred from a fund limited by this chapter to a fund not limited by this chapter.

The state spending cap must be decreased by the amount of the shift or transfer.

(b) The amount of the state spending cap reduction shall be determined by the budget agency upon the recommendation of the budget committee by a simple majority vote.

(c) If the budget agency determines:

- (1) a state spending cap reduction is required that is less than one-tenth percent (0.1%); or
- (2) a need to waive the mandatory downward adjustment;

the state spending cap reduction must receive a unanimous recommendation from the budget committee.

SECTION 13. IC 4-12-9-1, AS ADDED BY P.L.21-2000, SECTION 7, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2002]: Sec. 1. As used in The following definitions apply throughout this chapter:

(1) "Fund" refers to the tobacco farmers and rural community impact fund established by section 2 of this chapter.

(2) "Master settlement agreement" has the meaning set forth in IC 24-3-6.

(3) "Phase II agreement" refers to the National Tobacco Grower Settlement Trust Agreement entered into by tobacco growing states and major tobacco companies and dated July 19, 1999.

(4) "Phase II payment program" refers to the payments to tobacco growers and quota owners established by the National Tobacco Grower Settlement Trust Agreement entered into by tobacco growing states and major tobacco companies and dated July 19, 1999.

(5) "Tobacco grower" has the meaning set forth in the National Tobacco Grower Settlement Trust Agreement.

(6) "Tobacco quota owner" has the meaning set forth in the National Tobacco Grower Settlement Trust Agreement.

SECTION 14. IC 4-12-9-2, AS AMENDED BY P.L.291-2001, SECTION 73, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2002]: Sec. 2. (a) The tobacco farmers and rural community impact fund is established. The fund shall be administered by the commissioner of agriculture. The fund consists of:

- (1) amounts, if any, that another statute requires to be distributed to the fund from the Indiana tobacco master settlement agreement fund;
- (2) appropriations to the fund from other sources;
- (3) grants, gifts, and donations intended for deposit in the fund; and
- (4) interest that accrues from money in the fund.

(b) The expenses of administering the fund shall be paid from money in the fund.

(c) Notwithstanding IC 5-13, the treasurer of state shall invest the money in the fund not currently needed to meet the obligations of the fund in the same manner as money is invested by the public employees retirement fund under IC 5-10.3-5. The treasurer of state may contract with investment management professionals, investment advisors, and legal counsel to assist in the management of the fund and may pay the state expenses incurred under those contracts.

(d) Money in the fund at the end of the state fiscal year does not revert to the state general fund or any other fund and remains available for expenditure.

SECTION 15. IC 4-12-9-3, AS AMENDED BY P.L.291-2001, SECTION 74, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2002]: Sec. 3. (a) Subject to subsection (b), Money in the fund shall be used for the following purposes: distributions under section 5 of this chapter.

(1) Agricultural grant and loan programs to assist cooperative arrangements consisting of tobacco quota owners and tobacco growers working together to transition from tobacco production to other agricultural enterprises and to assist individual tobacco quota owners and tobacco growers who are in the process of transitioning to other agricultural enterprises.

(2) Value-added cooperatives, incubators, and other enterprises or facilities established for the purpose of assisting tobacco quota owners and tobacco growers to capture additional revenues from non-tobacco agricultural commodities.

(3) Agricultural mentoring programs, entrepreneurial leadership development, and tuition and scholarships to assist displaced tobacco growers in acquiring new training and employment skills.

(4) Academic research to identify new transitional crop enterprises to replace tobacco production.

(5) Market facility development for marketing current and new crop enterprises.

(6) Administrative and planning services for local communities and economic development entities that suffer a negative impact from the loss of tobacco production.

(7) Establishment and operation of a regional economic development consortium to address common problems faced by local communities that suffer a negative impact from the loss of tobacco production.

(b) Expenditures from the fund are subject to appropriation by the general assembly and approval by the the commissioner of agriculture. The commissioner of agriculture may not approve an expenditure from the fund unless that expenditure has been recommended by the advisory board established by section 4 of this chapter.

SECTION 16. IC 4-12-9-5 IS ADDED TO THE INDIANA CODE AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2002]: Sec. 5. (a) **The Phase II payment program shall be supplemented from the fund during each state fiscal year beginning after June 30, 2002, and ending before July 1, 2011. The amount of the supplement to be provided for each state fiscal year shall be determined by the commissioner of agriculture and is equal to the sum of the following amounts:**

(1) **If the payments due and payable to tobacco growers and tobacco quota owners under the Phase II payment program during a state fiscal year are less than the amount established in the Phase II agreement, the amount necessary to make the total payments to tobacco growers and tobacco quota owners for the state fiscal year equal to the amount described in the Phase II agreement.**

(2) **The pro rata amount, to be distributed over the life of the Phase II payment program, that is required to make the total payments to tobacco growers and tobacco quota owners for the years 1999 through 2001 equal to the amounts described in the Phase II agreement.**

(3) **During each state fiscal year beginning after June 30, 2002, and ending before July 1, 2007, four million seven hundred twenty thousand dollars (\$4,720,000).**

(b) **The commissioner of agriculture shall certify the amounts determined under subsection (a) to the budget agency and the auditor of state. Notwithstanding IC 4-12-1-14.3, the amounts certified by the commissioner of agriculture shall be transferred to the fund from the Indiana tobacco master settlement agreement fund.**

(c) **The commissioner of agriculture shall distribute money in the fund to tobacco growers and tobacco quota owners using the same formula and process used for the Phase II payment program. The commissioner of agriculture may contract with consultants, financial institutions, and legal counsel to assist in the administration of this section and may pay the expenses of those contracts from money in the fund.**

(d) **Money transferred to the fund under this section is annually appropriated for the purposes set forth in this section.**

(e) **This section expires June 30, 2011.**

SECTION 17. IC 4-15-15 IS ADDED TO THE INDIANA CODE AS A NEW CHAPTER TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2002]:

Chapter 15. Unpaid Leave for State Employees

Sec. 1. As used in this chapter, "employee" means a person who is employed full time by a state agency.

Sec. 2. As used in this chapter, "state agency" means an authority, a board, a branch, a bureau, a commission, a committee, a council, a department, a division, an office, an officer, a service, or an instrumentality of the executive, judicial, or legislative branch of state government. The term does not include state supported colleges or universities or the agencies of any municipality or political subdivision of the state.

Sec. 3. (a) An employee of a state agency who obtains consent from the employee's supervisor or appointing authority shall be granted leave from work without pay for not more than one (1) work day per month.

(b) The leave permitted under this chapter does not accrue to the employee if the leave is unused during the month for which it is allowed.

(c) An employee granted leave under this chapter does not lose accrued:

- (1) seniority;
- (2) vacation leave;
- (3) sick leave;
- (4) personal vacation days;
- (5) compensatory time off; or

(6) overtime."

Page 61, delete lines 20 through 37.

Page 61, line 38, delete "(H)" and insert "(B)".

Page 61, line 39, delete "proportionately".

Page 61, line 40, delete "amounts that are" and insert "**amount**".

Page 61, line 41, delete "clauses (A) through (H)" and insert "**clause (A)**".

Page 62, line 5, delete "(H)" and insert "(B)".

Page 62, line 5, delete "each of the".

Page 62, line 6, delete "specified purposes under clauses (A) through (G)" and insert "**the Indiana horse racing commission**".

Page 62, line 8, delete "clauses (A) through (G) for".

Page 62, line 9, delete "each of the specified purposes" and insert "**clause (A)**".

Page 62, line 10, delete "that purpose" and insert "**the Indiana horse racing commission**".

Page 62, line 13, delete "(H)" and insert "(B)".

Page 62, line 13, delete "each of the specified purposes under clauses (A)".

Page 62, line 14, delete "through (G)" and insert "**the Indiana horse racing commission**".

Page 62, line 16, delete "clauses (A) through (G) for each of the specified purposes" and insert "**clause (A)**".

Page 62, line 18, delete "that purpose" and insert "**the Indiana horse racing commission**".

Page 62, line 19, delete "(H)" and insert "(B)".

Page 62, line 20, delete "proportionately".

Page 62, line 21, delete "each purpose in clauses (A)".

Page 62, line 22, delete "through (G)." and insert "**the Indiana horse racing commission**".

Page 62, line 25, delete "(a)(2)(H)" and insert "**(a)(2)(B)**".

Page 62, line 40, delete "(a)(2)(H)" and insert "**(a)(2)(B)**".

Page 63, line 2, delete "(a)(2)(H)" and insert "**(a)(2)(B)**".

Page 63, line 3, delete "(a)(2)(H)" and insert "**(a)(2)(B)**".

Page 63, line 7, delete "(a)(2)(H)" and insert "**(a)(2)(B)**".

Page 64, delete lines 2 through 17.

Page 64, line 18, delete "(f)" and insert "(e)".

Page 64, line 37, delete "(g)" and insert "(f)".

Page 64, line 38, delete "(f)(3)" and insert "**(e)(3)**".

Page 71, after line 42, begin a new paragraph and insert:

"SECTION 91. IC 5-10.2-2-2.5, AS AMENDED BY P.L.61-2002, SECTION 2, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2002]: Sec. 2.5. (a) Each board may establish investment guidelines and limits on all types of investments (including, but not limited to, stocks and bonds) and take other actions necessary to fulfill its duty as a fiduciary for all assets under its control, subject to the limitations and restrictions set forth in **section 18 of this chapter**, IC 5-10.3-5-3, and IC 21-6.1-3-9.

(b) Each board may commingle or pool assets with the assets of any other persons or entities. This authority includes, but is not limited to, the power to invest in commingled or pooled funds, partnerships, or mortgage pools. In the event of any such investment, the board shall keep separate detailed records of the assets invested. Any decision to commingle or pool assets is subject to the limitations and restrictions set forth in **section 18 of this chapter**, IC 5-10.3-5-3, and IC 21-6.1-3-9.

SECTION 92. IC 5-10.2-2-18 IS ADDED TO THE INDIANA CODE AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2002]: Sec. 18. (a) **As used in this section, "alternative investment" means capital invested in the privately held equity or debt assets of a domestic or an international private business and includes investment in any of the following:**

- (1) **Unlisted or illiquid common and preferred stock.**
- (2) **Venture capital.**
- (3) **Corporate buyouts and acquisitions.**
- (4) **Restructuring, recovery, and hedge funds.**
- (5) **Limited and blind pool partnerships.**
- (6) **Special situation and private finance investments.**
- (7) **Limited liability companies.**
- (8) **Group trusts.**
- (9) **Unsecured, undersecured, subordinated senior, or**

convertible loans or debt securities of privately held companies.

(10) Real estate investment trusts, mortgages, "turn around" situations, commercial leases, and joint ventures.

(11) Commodity trading.

(b) If the board decides to allocate part of the fund assets to alternative investments, the board shall invest at least twenty percent (20%) of the amount allocated to alternative investments in alternative investments in Indiana, except as provided in subsection (c).

(c) The board is not required to make the entire twenty percent (20%) investment referred to in subsection (b) if the board exercising financial and fiduciary prudence determines that sufficient appropriate alternative investments are not available in Indiana.

(d) If the board does not invest the entire twenty percent (20%) required by subsection (b) because the board makes a determination described in subsection (c), the board may not invest the amount that the board was not able to invest in alternative investments in Indiana in alternative investments outside Indiana. The board may invest the amount that the board was not able to invest in alternative investments in Indiana in other investments that the board determines are financially and fiducially prudent.

SECTION 93. IC 5-10.3-5-3 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2002]: Sec. 3. (a) The board shall invest its assets with the care, skill, prudence, and diligence that a prudent person acting in a like capacity and familiar with such matters would use in the conduct of an enterprise of a like character with like aims. The board shall also diversify such investments in accordance with prudent investment standards, **subject to the limitations and restrictions set forth in IC 5-10.2-2-18.**

(b) The board may invest up to five percent (5%) of the excess of its cash working balance in debentures of the corporation for innovation development subject to IC 30-4-3-3.

(c) The board is not subject to IC 4-13, IC 4-13.6, and IC 5-16 when managing real property as an investment. Any management agreements entered into by the board must ensure that the management agent acts in a prudent manner with regard to the purchase of goods and services. Contracts for the management of investment property shall be submitted to the governor, the attorney general, and the budget agency for approval. A contract for management of real property as an investment:

(1) may not exceed a four (4) year term and must be based upon guidelines established by the board;

(2) may provide that the property manager may collect rent and make disbursements for routine operating expenses such as utilities, cleaning, maintenance, and minor tenant finish needs;

(3) must establish, consistent with the board's duty under IC 30-4-3-3(c), guidelines for the prudent management of expenditures related to routine operation and capital improvements; and

(4) may provide specific guidelines for the board to purchase new properties, contract for the construction or repair of properties, and lease or sell properties without individual transactions requiring the approval of the governor, the attorney general, the Indiana department of administration, and the budget agency. However, each individual contract involving the purchase or sale of real property is subject to review and approval by the attorney general at the specific request of the attorney general.

(d) Whenever the board takes bids in managing or selling real property, the board shall require a bid submitted by a trust (as defined in IC 30-4-1-1(a)) to identify all of the following:

(1) Each beneficiary of the trust.

(2) Each settlor empowered to revoke or modify the trust."

Page 74, delete lines 36 through 42.

Page 75, delete lines 1 through 2, begin a new paragraph and insert:

"SECTION 95. IC 6-1.1-3-22 IS ADDED TO THE INDIANA CODE AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE FEBRUARY 28, 2002 (RETROACTIVE)]: Sec. 22.

(a) Except as provided in subsection (b), 50 IAC 4.2 and 50 IAC 5.1, both as in effect on January 1, 2001, are incorporated by reference into the Indiana Code and apply to the assessment of tangible personal property, as provided in the rule, for assessment dates after February 28, 2002.

(b) The following are not incorporated by reference under subsection (a):

(1) 50 IAC 4.2-4-9.

(2) 50 IAC 5.1-6-9.

(3) Any other provision of 50 IAC 4.2 or 50 IAC 5.1 to the extent that the provision applies the thirty percent (30%) of adjusted cost limitation contained in 50 IAC 4.2-4-9 or 50 IAC 5.1-6-9."

Page 75, delete lines 26 through 42.

Page 76, delete lines 1 through 22, begin a new paragraph and insert:

"SECTION 97. IC 6-1.1-4-4, AS AMENDED BY P.L.90-2002, SECTION 30, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 4. (a) A general reassessment, involving a physical inspection of all real property in Indiana, shall begin July 1, 2000, and each fourth year thereafter. **Except as provided in subsection (b),** each reassessment shall be completed on or before March 1 of the immediately following even-numbered year, and shall be the basis for taxes payable in the year following the year in which the general assessment is to be completed.

(b) **The general reassessment scheduled to begin under subsection (a) on July 1, 2000, shall be completed on or before March 1, 2002, and shall initially be the basis for taxes first due and payable in 2004.**

(c) In order to ensure that assessing officials and members of each county property tax assessment board of appeals are prepared for a general reassessment of real property, the department of local government finance shall give adequate advance notice of the general reassessment to the county and township taxing officials of each county."

Page 84, between lines 32 and 33, begin a new paragraph and insert:

SECTION 28. IC 6-1.1-4-33 IS ADDED TO THE INDIANA CODE AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 33. (a) **This section applies only to property taxes first due and payable in 2003.**

(b) **Notwithstanding:**

(1) **the scheduled completion of a general reassessment under IC 6-1.1-4 before March 1, 2002;**

(2) **the rulemaking authority granted to the department of local government finance under IC 6-1.1;**

(3) **the repeal of various provisions in 50 IAC 2.2 by LSA Document #00-108; and**

(4) **the repeal of various provisions in 50 IAC 5.1 by LSA Document #01-347;**

the determination of the assessed value of tangible real property on an assessment date in calendar year 2002 shall be made in accordance with the statutes and rules of the state board of tax commissioners (before its termination) in effect on July 1, 2001, and any statute enacted by the general assembly that applies to an assessment date in 2002.

(c) **This section expires January 1, 2004."**

Page 86, delete lines 28 through 42.

Delete page 87.

Page 88, delete lines 1 through 30, begin a new paragraph and insert:

"SECTION 102. IC 6-1.1-12-42 IS ADDED TO THE INDIANA CODE AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2004]: Sec. 42. (a) **The owner of a building that contains less than five (5) principal rental dwellings is entitled to a deduction from the assessed value of the building and the land on which the building is located equal to the lesser of:**

(1) **one-half (½) of the combined assessed value of the building and the land; or**

(2) **thirty thousand dollars (\$30,000).**

(b) Except as provided in subsection (e), the owner of a building that contains more than four (4) and less than nine (9) principal rental dwellings is entitled to a deduction from the assessed value of the building and the land on which the building is located equal to the lesser of:

- (1) one-half ($\frac{1}{2}$) of the combined assessed value of the building and the land; or
- (2) the product of:
 - (A) seven thousand five hundred dollars (\$7,500); multiplied by
 - (B) the number of principal rental dwellings in the building.

(c) Except as provided in subsection (e), the owner of a building that contains more than eight (8) and less than twenty-one (21) principal rental dwellings is entitled to a deduction from the assessed value of the building and the land on which the building is located equal to the lesser of:

- (1) one-half ($\frac{1}{2}$) of the combined assessed value of the building and the land; or
- (2) the product of:
 - (A) four thousand five hundred dollars (\$4,500); multiplied by
 - (B) the number of principal rental dwellings in the building.

(d) Except as provided in subsection (e), the owner of a building that contains more than twenty (20) principal rental dwellings is entitled to a deduction from the assessed value of the building and the land on which the building is located equal to the lesser of:

- (1) one-half ($\frac{1}{2}$) of the combined assessed value of the building and the land; or
- (2) the product of:
 - (A) three thousand dollars (\$3,000); multiplied by
 - (B) the number of principal rental dwellings in the building.

(e) The owner of a building containing separately titled condominiums used as principal rental dwellings is entitled to a deduction from the assessed value of the building and the land on which the building is located equal to the lesser of:

- (1) one-half ($\frac{1}{2}$) of the combined assessed value of the building and the land; or
- (2) the product of:
 - (A) thirty thousand dollars (\$30,000); multiplied by
 - (B) the number of condominiums used as principal rental dwellings in the building.

(f) A certificate of occupancy that complies with this subsection is prima facie evidence that the building for which the deduction under this section is claimed contains principal rental dwellings. To comply with this subsection, the certificate of occupancy must:

- (1) be prepared on a form prescribed by the department of local government finance;
- (2) be signed under penalties of perjury by the owner of the building or the principal officer of the entity owning the building; and
- (3) indicate that:
 - (A) with respect to a building that contains one (1) unit, the unit was used as a principal rental dwelling; and
 - (B) with respect to a building that contains more than one (1) unit, substantially all of the units in the building were used as principal rental dwellings;
 on an assessment date or within two (2) years before the assessment date.

(g) To obtain the deduction under this section, the:

- (1) owner of the building; or
- (2) principal officer for the cooperative, common interest community, or owner's association owning the building;

must file a certified application in duplicate, on forms prescribed by the department of local government finance, with the auditor of the county in which the property is subject to assessment. The certified application must be filed before May 11 in the year containing the assessment date to which the application applies.

(h) If the owner of a building is eligible to receive:

- (1) a homestead credit for the building under IC 6-1.1-20.9; or
- (2) the standard deduction for the building under section 37 of this chapter;

with respect to the building, the owner may not claim the deduction provided under this section.

(i) If a parcel of land contains more than one (1) building for which a deduction is claimed under this section, the township assessor shall allocate the assessed value of the land among the buildings on the parcel in proportion to the assessed value of each building. The county auditor shall use the allocated assessed value of land under this section in determining the amount of the deduction under subsection (a), (b), (c), (d), or (e)."

Page 90, delete lines 10 through 42.

Delete pages 91 through 95.

Page 96, delete lines 1 through 23.

Page 96, delete lines 41 through 42.

Delete pages 97 through 107.

Page 108, delete lines 1 through 32, begin a new paragraph and insert:

"SECTION 113. IC 6-1.1-20.2 IS ADDED TO THE INDIANA CODE AS A NEW CHAPTER TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2003]:

Chapter 20.2. Inventory Tax Credit

Sec. 1. As used in this chapter, "inventory" has the meaning set forth in IC 6-1.1-3-11.

Sec. 2. As used in this chapter, "net property tax liability on inventory" means the property taxes attributable to inventory that are due and payable as shown on the property tax statement sent to a taxpayer after all deductions and credits have been applied under any other statute.

Sec. 3. (a) A taxpayer is entitled to a credit under this chapter against the taxpayer's net property tax liability on inventory under IC 6-1.1-2.

(b) The amount of the credit is equal to one hundred percent (100%) of the taxpayer's net property tax liability on inventory for the year.

Sec. 4. (a) The county assessor shall determine the amount of each property owner's assessed value that is attributable to inventory in the county. Before December 1 of each year, the county assessor shall provide the county auditor with the amount of inventory assessed value for each owner.

(b) The county auditor shall compute the amount of property taxes in the county that is attributable to inventory assessed value as reported by the county assessor using the same property tax liability that is used to calculate the property tax replacement credit under IC 6-1.1-21-5, after deducting the property tax replacement credit under IC 6-1.1-21.

Sec. 5. A taxpayer desiring to claim the credit provided by this chapter must file a certified application on forms prescribed by the department of local government finance with the auditor of each county in which the taxpayer's inventory was located on the assessment date.

Sec. 6. Before February 1 of each year, each county auditor shall certify to the department of local government finance the amount of credits allowed under this chapter in the county for that calendar year. Except as otherwise provided in this chapter, the credits shall be determined in the same manner as property tax replacement credits are determined under IC 6-1.1-21, after deducting the property tax replacement credit under IC 6-1.1-21.

Sec. 7. (a) Each year the auditor of state shall allocate from the state general fund an amount equal to the total amount of credits that are provided under this chapter for each county for that year in the same manner as the homestead credits are allocated from the property tax replacement fund under IC 6-1.1-21.

(b) The auditor of state shall distribute to each county treasurer from the state general fund the estimated distribution for that year for the county at the same time and in the same manner as the homestead credit distributions are made under IC 6-1.1-21. The money in the state general fund is appropriated

to make the distributions.

(c) All distributions provided in this section shall be made on warrants issued by the auditor of state drawn on the treasurer of state.

Sec. 8. To the extent it is consistent with this chapter, IC 6-1.1-21 applies with respect to the credit under this chapter.

SECTION 114. IC 6-1.1-20.9-2, AS AMENDED BY P.L.291-2001, SECTION 125, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2002]: Sec. 2. (a) Except as otherwise provided in section 5 of this chapter, an individual who on March 1 of a particular year either owns or is buying a homestead under a contract that provides the individual is to pay the property taxes on the homestead is entitled each calendar year to a credit against the property taxes which the individual pays on the individual's homestead. However, only one (1) individual may receive a credit under this chapter for a particular homestead in a particular year.

(b) The amount of the credit to which the individual is entitled equals the product of:

- (1) the percentage prescribed in subsection (d); multiplied by
- (2) the amount of the individual's property tax liability, as that term is defined in IC 6-1.1-21-5, which is attributable to the homestead during the particular calendar year.

(c) For purposes of determining that part of an individual's property tax liability that is attributable to the individual's homestead, all deductions from assessed valuation which the individual claims under IC 6-1.1-12 or IC 6-1.1-12.1 for property on which the individual's homestead is located must be applied first against the assessed value of the individual's homestead before those deductions are applied against any other property.

(d) The percentage of the credit referred to in subsection (b)(1) is as follows:

YEAR	PERCENTAGE OF THE CREDIT
1996	8%
1997	6%
1998 through 2003 2002	10%
2004 2003 and thereafter	4% 20%

However, the property tax replacement fund board established under IC 6-1.1-21-10, in its sole discretion, may increase the percentage of the credit provided in the schedule for any year, if the board feels that the property tax replacement fund contains enough money for the resulting increased distribution. If the board increases the percentage of the credit provided in the schedule for any year, the percentage of the credit for the immediately following year is the percentage provided in the schedule for that particular year, unless as provided in this subsection the board in its discretion increases the percentage of the credit provided in the schedule for that particular year. However, the percentage credit allowed in a particular county for a particular year shall be increased if on January 1 of a year an ordinance adopted by a county income tax council was in effect in the county which increased the homestead credit. The amount of the increase equals the amount designated in the ordinance.

(e) Before October 1 of each year, the assessor shall furnish to the county auditor the amount of the assessed valuation of each homestead for which a homestead credit has been properly filed under this chapter.

(f) The county auditor shall apply the credit equally to each installment of taxes that the individual pays for the property.

(g) Notwithstanding the provisions of this chapter, a taxpayer other than an individual is entitled to the credit provided by this chapter if:

- (1) an individual uses the residence as the individual's principal place of residence;
- (2) the residence is located in Indiana;
- (3) the individual has a beneficial interest in the taxpayer;
- (4) the taxpayer either owns the residence or is buying it under a contract, recorded in the county recorder's office, that provides that the individual is to pay the property taxes on the residence; and
- (5) the residence consists of a single-family dwelling and the real estate, not exceeding one (1) acre, that immediately

surrounds that dwelling.

SECTION 115. IC 6-1.1-21-2, AS AMENDED BY P.L.85-2002, SECTION 2, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2004]: Sec. 2. As used in this chapter:

(a) "Taxpayer" means a person who is liable for taxes on **eligible** property assessed under this article.

(b) "Taxes" means **property** taxes payable in respect to **eligible** property assessed under this article. The term does not include special assessments, penalties, or interest, but does include any special charges which a county treasurer combines with all other taxes in the preparation and delivery of the tax statements required under IC 6-1.1-22-8(a).

(c) "Department" means the department of state revenue.

(d) "Auditor's abstract" means the annual report prepared by each county auditor which under IC 6-1.1-22-5, is to be filed on or before March 1 of each year with the auditor of state.

(e) "Mobile home assessments" means the assessments of mobile homes made under IC 6-1.1-7.

(f) "Postabstract adjustments" means adjustments in taxes made subsequent to the filing of an auditor's abstract which change assessments therein or add assessments of omitted property affecting taxes for such assessment year.

(g) "Total county tax levy" means the sum of:

(1) the remainder of:

(A) the aggregate levy of all taxes for all taxing units in a county which are to be paid in the county for a stated assessment year as reflected by the auditor's abstract for the assessment year, adjusted, however, for any postabstract adjustments which change the amount of the aggregate levy; minus

(B) the sum of any increases in property tax levies of taxing units of the county that result from appeals described in:

(i) IC 6-1.1-18.5-13(5) and IC 6-1.1-18.5-13(6) filed after December 31, 1982; plus

(ii) the sum of any increases in property tax levies of taxing units of the county that result from any other appeals described in IC 6-1.1-18.5-13 filed after December 31, 1983; plus

(iii) IC 6-1.1-18.6-3 (children in need of services and delinquent children who are wards of the county); minus

(C) the total amount of property taxes imposed for the stated assessment year by the taxing units of the county under the authority of IC 12-1-11.5 (repealed), IC 12-2-4.5 (repealed), IC 12-19-5, or IC 12-20-24; minus

(D) the total amount of property taxes to be paid during the stated assessment year that will be used to pay for interest or principal due on debt that:

(i) is entered into after December 31, 1983;

(ii) is not debt that is issued under IC 5-1-5 to refund debt incurred before January 1, 1984; and

(iii) does not constitute debt entered into for the purpose of building, repairing, or altering school buildings for which the requirements of IC 20-5-52 were satisfied prior to January 1, 1984; minus

(E) the amount of property taxes imposed in the county for the stated assessment year under the authority of IC 21-2-6 (repealed) or any citation listed in IC 6-1.1-18.5-9.8 for a cumulative building fund whose property tax rate was initially established or reestablished for a stated assessment year that succeeds the 1983 stated assessment year; minus

(F) the remainder of:

(i) the total property taxes imposed in the county for the stated assessment year under authority of IC 21-2-6 (repealed) or any citation listed in IC 6-1.1-18.5-9.8 for a cumulative building fund whose property tax rate was not initially established or reestablished for a stated assessment year that succeeds the 1983 stated assessment year; minus

(ii) the total property taxes imposed in the county for the 1984 stated assessment year under the authority of IC 21-2-6 (repealed) or any citation listed in IC 6-1.1-18.5-9.8 for a cumulative building fund whose

property tax rate was not initially established or reestablished for a stated assessment year that succeeds the 1983 stated assessment year; minus

(G) the amount of property taxes imposed in the county for the stated assessment year under:

- (i) IC 21-2-15 for a capital projects fund; plus
- (ii) IC 6-1.1-19-10 for a racial balance fund; plus
- (iii) IC 20-14-13 for a library capital projects fund; plus
- (iv) IC 20-5-17.5-3 for an art association fund; plus
- (v) IC 21-2-17 for a special education preschool fund; plus
- (vi) IC 21-2-11.6 for a referendum tax levy fund; plus
- (vii) an appeal filed under IC 6-1.1-19-5.1 for an increase in a school corporation's maximum permissible general fund levy for certain transfer tuition costs; plus
- (viii) an appeal filed under IC 6-1.1-19-5.4 for an increase in a school corporation's maximum permissible general fund levy for transportation operating costs; minus

(H) the amount of property taxes imposed by a school corporation that is attributable to the passage, after 1983, of a referendum for an excessive tax levy under IC 6-1.1-19, including any increases in these property taxes that are attributable to the adjustment set forth in IC 6-1.1-19-1.5(a) STEP ONE or any other law; minus

(I) for each township in the county, the lesser of:

- (i) the sum of the amount determined in IC 6-1.1-18.5-19(a) STEP THREE or IC 6-1.1-18.5-19(b) STEP THREE, whichever is applicable, plus the part, if any, of the township's ad valorem property tax levy for calendar year 1989 that represents increases in that levy that resulted from an appeal described in IC 6-1.1-18.5-13(5) filed after December 31, 1982; or
- (ii) the amount of property taxes imposed in the township for the stated assessment year under the authority of IC 36-8-13-4; minus

(J) for each participating unit in a fire protection territory established under IC 36-8-19-1, the amount of property taxes levied by each participating unit under IC 36-8-19-8 and IC 36-8-19-8.5 less the maximum levy limit for each of the participating units that would have otherwise been available for fire protection services under IC 6-1.1-18.5-3 and IC 6-1.1-18.5-19 for that same year; minus

(K) for each county, the sum of:

- (i) the amount of property taxes imposed in the county for the repayment of loans under IC 12-19-5-6 that is included in the amount determined under IC 12-19-7-4(a) STEP SEVEN for property taxes payable in 1995, or for property taxes payable in each year after 1995, the amount determined under IC 12-19-7-4(b); and
- (ii) the amount of property taxes imposed in the county attributable to appeals granted under IC 6-1.1-18.6-3 that is included in the amount determined under IC 12-19-7-4(a) STEP SEVEN for property taxes payable in 1995, or the amount determined under IC 12-19-7-4(b) for property taxes payable in each year after 1995; plus

(2) all taxes to be paid in the county in respect to mobile home assessments currently assessed for the year in which the taxes stated in the abstract are to be paid; plus

(3) the amounts, if any, of county adjusted gross income taxes that were applied by the taxing units in the county as property tax replacement credits to reduce the individual levies of the taxing units for the assessment year, as provided in IC 6-3.5-1.1; plus

(4) the amounts, if any, by which the maximum permissible ad valorem property tax levies of the taxing units of the county were reduced under IC 6-1.1-18.5-3(b) STEP EIGHT for the stated assessment year; plus

(5) the difference between:

(A) the amount determined in IC 6-1.1-18.5-3(e) STEP FOUR; minus

(B) the amount the civil taxing units' levies were increased because of the reduction in the civil taxing units' base year

certified shares under IC 6-1.1-18.5-3(e).

(h) "December settlement sheet" means the certificate of settlement filed by the county auditor with the auditor of state, as required under IC 6-1.1-27-3.

(i) "Tax duplicate" means the roll of property taxes which each county auditor is required to prepare on or before March 1 of each year under IC 6-1.1-22-3.

(j) "Eligible property tax replacement amount" is equal to the sum of the following:

(1) Thirty-five percent (35%) of the total county tax levy imposed in a county on real property that is assessed as agricultural property under the rules of the department of local government finance for a stated assessment year.

(2) Thirty-five percent (35%) of the total county tax levy imposed in a county on real property that is assessed as residential property under the rules of the department of local government finance for a stated assessment year.

(3) Twenty percent (20%) of the total county tax levy imposed in a county on real property that is assessed as commercial, industrial, or utility property under the rules of the department of local government finance for a stated assessment year.

(4) Thirty-five percent (35%) of the total county tax levy imposed in a county on tangible personal property, excluding inventory and business personal property, for an assessment year.

(5) Twenty percent (20%) of the total county tax levy imposed in a county on business personal property.

(k) "Business personal property" means tangible personal property (other than real property) that is being:

(1) held for sale in the ordinary course of a trade or business; or

(2) held, used, or consumed in connection with the production of income;

excluding inventory (as defined in IC 6-1.1-3-11).

(l) "Eligible property" means:

(1) real property; and

(2) tangible personal property other than inventory or business personal property.

(m) "Taxpayer's property tax replacement credit amount" means the sum of the following:

(1) Fifty percent (50%) of a taxpayer's tax liability for a stated assessment year for a total county tax levy on real property that is assessed as agricultural property under the rules of the department of local government finance.

(2) Forty-two percent (42%) of a taxpayer's tax liability for a stated assessment year for a total county tax levy on real property that is assessed as residential property under the rules of the department of local government finance.

(3) Twenty percent (20%) of a taxpayer's tax liability for a stated assessment year for a total county tax levy on real property that is assessed as commercial, industrial, or utility property under the rules of the department of local government finance.

(4) Forty-two percent (42%) of a taxpayer's tax liability for a stated assessment year for a total county tax levy imposed on tangible personal property, excluding inventory and business personal property.

(5) Twenty percent (20%) of the total county tax levy imposed in a county on business personal property.

(n) "Inventory" has the meaning set forth in IC 6-1.1-3-11.

(o) "Combined business group" means:

(1) an affiliated group that files a consolidated return under IC 6-2.1-5-5 or IC 6-3-4-14; or

(2) a partnership, joint venture, or pool, regardless of the number of partners or participants in the organization.

(p) "Net ad valorem property taxes", for purposes of section 13 of this chapter, means the amount of property taxes first due and payable and paid by a taxpayer for a particular calendar year after the application of all property tax exemptions, property tax deductions, and property tax credits allowed or allowable to reduce the property tax liability of the taxpayer for

the particular calendar year. The term includes property taxes levied in an allocation area (as defined in IC 12-19-1.5-1) that are allocated to a special fund.

(q) "Tax liability" means tax liability as described in section 5 of this chapter."

Page 122, line 34, after "taxpayer" insert "subject to regulation of the taxpayer's rate of return by the Indiana utility regulatory commission".

Page 124, delete lines 23 through 39, begin a new paragraph and insert:

"SECTION 127. IC 6-2.1-2-3 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2003]: Sec. 3. ~~(a) The receipt of gross income from transactions described in section 4 of this chapter is subject to a tax rate of three-tenths of one percent (0.3%).~~

~~(b) The receipt of gross income from transactions described in section 5 of this chapter is subject to a tax rate of one and two-tenths percent (1.2%)."~~

Page 126, delete lines 8 through 42.

Delete pages 127 through 132.

Page 133, delete lines 1 through 22.

Page 145, delete lines 39 through 42.

Delete pages 146 through 149.

Page 150, delete lines 1 through 12, begin a new paragraph and insert:

"SECTION 152. IC 6-3-1-3.5, AS AMENDED BY P.L.8-2002, SECTION 3, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2002 (RETROACTIVE)]: Sec. 3.5. When used in this article, the term "adjusted gross income" shall mean the following:

(a) In the case of all individuals, "adjusted gross income" (as defined in Section 62 of the Internal Revenue Code), modified as follows:

(1) Subtract income that is exempt from taxation under this article by the Constitution and statutes of the United States.

(2) Add an amount equal to any deduction or deductions allowed or allowable pursuant to Section 62 of the Internal Revenue Code for taxes based on or measured by income and levied at the state level by any state of the United States.

(3) Subtract one thousand dollars (\$1,000), or in the case of a joint return filed by a husband and wife, subtract for each spouse one thousand dollars (\$1,000).

(4) Subtract one thousand dollars (\$1,000) for:

(A) each of the exemptions provided by Section 151(c) of the Internal Revenue Code;

(B) each additional amount allowable under Section 63(f) of the Internal Revenue Code; and

(C) the spouse of the taxpayer if a separate return is made by the taxpayer and if the spouse, for the calendar year in which the taxable year of the taxpayer begins, has no gross income and is not the dependent of another taxpayer.

(5) Subtract:

(A) one thousand five hundred dollars (\$1,500) for each of the exemptions allowed under Section 151(c)(1)(B) of the Internal Revenue Code for taxable years beginning after December 31, 1996; and

(B) five hundred dollars (\$500) for each additional amount allowable under Section 63(f)(1) of the Internal Revenue Code if the adjusted gross income of the taxpayer, or the taxpayer and the taxpayer's spouse in the case of a joint return, is less than forty thousand dollars (\$40,000).

This amount is in addition to the amount subtracted under subdivision (4).

(6) Subtract an amount equal to the lesser of:

(A) that part of the individual's adjusted gross income (as defined in Section 62 of the Internal Revenue Code) for that taxable year that is subject to a tax that is imposed by a political subdivision of another state and that is imposed on or measured by income; or

(B) two thousand dollars (\$2,000).

(7) Add an amount equal to the total capital gain portion of a lump sum distribution (as defined in Section 402(e)(4)(D) of

the Internal Revenue Code) if the lump sum distribution is received by the individual during the taxable year and if the capital gain portion of the distribution is taxed in the manner provided in Section 402 of the Internal Revenue Code.

(8) Subtract any amounts included in federal adjusted gross income under **Section 111 of the Internal Revenue Code** ~~Section 111~~ as a recovery of items previously deducted as an itemized deduction from adjusted gross income.

(9) Subtract any amounts included in federal adjusted gross income under the Internal Revenue Code which amounts were received by the individual as supplemental railroad retirement annuities under 45 U.S.C. 231 and which are not deductible under subdivision (1).

(10) Add an amount equal to the deduction allowed under Section 221 of the Internal Revenue Code for married couples filing joint returns if the taxable year began before January 1, 1987.

(11) Add an amount equal to the interest excluded from federal gross income by the individual for the taxable year under Section 128 of the Internal Revenue Code if the taxable year began before January 1, 1985.

(12) Subtract an amount equal to the amount of federal Social Security and Railroad Retirement benefits included in a taxpayer's federal gross income by Section 86 of the Internal Revenue Code.

(13) In the case of a nonresident taxpayer or a resident taxpayer residing in Indiana for a period of less than the taxpayer's entire taxable year, the total amount of the deductions allowed pursuant to subdivisions (3), (4), (5), and (6) shall be reduced to an amount which bears the same ratio to the total as the taxpayer's income taxable in Indiana bears to the taxpayer's total income.

(14) In the case of an individual who is a recipient of assistance under IC 12-10-6-1, IC 12-10-6-2, IC 12-15-2-2, or IC 12-15-7, subtract an amount equal to that portion of the individual's adjusted gross income with respect to which the individual is not allowed under federal law to retain an amount to pay state and local income taxes.

(15) In the case of an eligible individual, subtract the amount of a Holocaust victim's settlement payment included in the individual's federal adjusted gross income.

(16) For taxable years beginning after December 31, 1999, subtract an amount equal to the portion of any premiums paid during the taxable year by the taxpayer for a qualified long term care policy (as defined in IC 12-15-39.6-5) for the taxpayer or the taxpayer's spouse, or both.

(17) Subtract an amount equal to the lesser of:

(A) two thousand five hundred dollars (\$2,500); or

(B) the amount of property taxes that are paid during the taxable year in Indiana by the individual on the individual's principal place of residence.

(18) Subtract an amount equal to the amount of a September 11 terrorist attack settlement payment included in the individual's federal adjusted gross income.

(b) In the case of corporations, the same as "taxable income" (as defined in Section 63 of the Internal Revenue Code) adjusted as follows:

(1) Subtract income that is exempt from taxation under this article by the Constitution and statutes of the United States.

(2) Add an amount equal to any deduction or deductions allowed or allowable pursuant to Section 170 of the Internal Revenue Code.

(3) Add an amount equal to any deduction or deductions allowed or allowable pursuant to Section 63 of the Internal Revenue Code for taxes based on or measured by income and levied at the state level by any state of the United States.

(4) Subtract an amount equal to the amount included in the corporation's taxable income under Section 78 of the Internal Revenue Code.

(c) **In the case of life insurance companies (as defined in Section 816(a) of the Internal Revenue Code) that are organized under Indiana law, the same as "life insurance company taxable**

income" (as defined in Section 801 of the Internal Revenue Code), adjusted as follows:

- (1) Subtract income that is exempt from taxation under this article by the Constitution and statutes of the United States.
- (2) Add an amount equal to any deduction allowed or allowable under Section 170 of the Internal Revenue Code.
- (3) Add an amount equal to a deduction allowed or allowable under Section 805 or Section 831(c) of the Internal Revenue Code for taxes based on or measured by income and levied at the state level by any state.
- (4) Subtract an amount equal to the amount included in the company's taxable income under Section 78 of the Internal Revenue Code.

(d) In the case of insurance companies subject to tax under Section 831 of the Internal Revenue Code and organized under Indiana law, the same as "taxable income" (as defined in Section 832 of the Internal Revenue Code), adjusted as follows:

- (1) Subtract income that is exempt from taxation under this article by the Constitution and statutes of the United States.
- (2) Add an amount equal to any deduction allowed or allowable under Section 170 of the Internal Revenue Code.
- (3) Add an amount equal to a deduction allowed or allowable under Section 805 or Section 831(c) of the Internal Revenue Code for taxes based on or measured by income and levied at the state level by any state.
- (4) Subtract an amount equal to the amount included in the company's taxable income under Section 78 of the Internal Revenue Code.

(e) In the case of trusts and estates, "taxable income" (as defined for trusts and estates in Section 641(b) of the Internal Revenue Code) reduced by:

- (1) income that is exempt from taxation under this article by the Constitution and statutes of the United States; and
- (2) an amount equal to the amount of a September 11 terrorist attack settlement payment included in the federal adjusted gross income of the estate of a victim of the September 11 terrorist attack or a trust to the extent the trust benefits a victim of the September 11 terrorist attack."

Page 160, delete line 42.

Page 161, delete lines 1 through 17, begin a new paragraph and insert:

"SECTION 163. IC 6-3-2-6, AS AMENDED BY P.L.14-1999, SECTION 1, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2004]: Sec. 6. (a) Each taxable year, an individual who rents a dwelling for use as ~~his~~ **the individual's** principal place of residence may deduct from ~~his~~ **the individual's** adjusted gross income (as defined in IC 6-3-1-3.5(a)), the lesser of:

- (1) the amount of rent paid by ~~him~~ **the individual** with respect to the dwelling during the taxable year; or
- (2) ~~two three thousand dollars (\$2,000);~~ **(\$3,000).**

(b) Notwithstanding subsection (a), a husband and wife filing a joint adjusted gross income tax return for a particular taxable year may not claim a deduction under this section of more than ~~two three thousand dollars (\$2,000);~~ **(\$3,000).**

(c) The deduction provided by this section does not apply to an individual who rents a dwelling that is exempt from Indiana property tax.

(d) For purposes of this section, a "dwelling" includes a single family dwelling and unit of a multi-family dwelling."

Page 162, delete lines 29 through 42.

Page 163, delete lines 1 through 2, begin a new paragraph and insert:

"(e) The penalty prescribed by IC 6-8.1-10-2.1(b) shall be assessed by the department on corporations failing to make payments as required in subsection (d) or (g). However, no penalty shall be assessed as to any estimated payments of adjusted gross income tax ~~plus supplemental net income tax~~ **plus** gross income tax which equal or exceed:

- (1) twenty percent (20%) of the final tax liability for such taxable year; or
- (2) twenty-five percent (25%) of the final tax liability for the taxpayer's previous taxable year.

In addition, the penalty as to any underpayment of tax on an estimated return shall only be assessed on the difference between the actual amount paid by the corporation on such estimated return and twenty-five percent (25%) of the ~~sum of the~~ corporation's final adjusted gross income tax ~~plus supplemental net income tax~~ liability for such taxable year."

Page 169, line 27, delete "ten" and insert "fifteen".

Page 169, line 27, delete "(10%)" and insert "(15%)".

Page 178, between lines 31 and 32, begin a new paragraph and insert:

"SECTION 191. IC 6-3.1-13-12 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2002]: Sec. 12. (a) The economic development for a growing economy board is established. The board consists of the following seven (7) members:

- (1) The director or, upon the director's designation, the executive director of the department of commerce.
- (2) The director of the budget agency.
- (3) The commissioner of the department of state revenue.
- (4) Four (4) members appointed by the governor, not more than two (2) of whom may be members of the same political party.
- (b) The director shall serve as chairperson of the board. Four (4) members of the board constitute a quorum to transact and vote on the business of the board.

(c) The department of commerce shall assist the board in carrying out the board's duties under this chapter **and IC 6-3.1-24.**

SECTION 192. IC 6-3.1-13-26 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2002]: Sec. 26. (a) The economic development for a growing economy fund is established to be used exclusively for the purposes of this chapter **and IC 6-3.1-24**, including paying for the costs of administering this chapter **and IC 6-3.1-24**. The fund shall be administered by the department of commerce.

(b) The fund consists of collected fees, appropriations from the general assembly, and gifts and grants to the fund.

(c) The treasurer of state shall invest the money in the fund not currently needed to meet the obligations of the fund in the same manner as other public funds may be invested. Interest that accrues from these investments shall be deposited in the fund.

(d) The money in the fund at the end of a state fiscal year does not revert to the state general fund but remains in the fund to be used exclusively for the purposes of this chapter. Expenditures from the fund are subject to appropriation by the general assembly and approval by the budget agency."

Page 181, delete lines 26 through 41, begin a new paragraph and insert:

"SECTION 200. IC 6-3.1-21-6, AS ADDED BY P.L.273-1999, SECTION 227, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2003]: Sec. 6. ~~The (a) An individual who is eligible for an earned income tax credit under Section 32 of the Internal Revenue Code is eligible for a credit authorized under section 5 of this chapter is equal to three and four-tenths percent (3.4%) (3%) of (1) twelve thousand dollars (\$12,000); minus (2) the amount of the individual's Indiana total income: federal earned income tax credit that the individual:~~

- (1) is eligible to receive in the taxable year; and
 - (2) claimed for the taxable year;
- under Section 32 of the Internal Revenue Code.**

(b) If the credit amount exceeds the ~~sum of the~~ taxpayer's adjusted gross income tax liability for the taxable year **and the amount of the credit advanced to the taxpayer by the taxpayer's employer under IC 6-3-4-8.3**, the excess shall be refunded to the taxpayer."

Delete pages 183 through 187.

Page 188, delete lines 1 through 23, begin a new paragraph and insert:

"SECTION 209. IC 6-3.1-23-8-4, AS ADDED BY P.L.291-2001, SECTION 122, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2003]: Sec. 4. As used in this chapter, "state tax liability" means a taxpayer's total tax liability that is incurred under:

- (1) IC 6-2.1 (gross income tax);
- (2) IC 6-3-1 through IC 6-3-7 (adjusted gross income tax);

- (3) IC 6-3-8 (supplemental net income tax);
- (4) (3) IC 6-5.5 (financial institutions tax); and
- (5) (4) IC 27-1-18-2 (insurance premiums tax);

as computed after the application of the credits that under IC 6-3.1-1-2 are to be applied before the credit provided by this chapter.

SECTION 210. IC 6-3.1-23.8-6, AS ADDED BY P.L.291-2001, SECTION 122, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2003]: Sec. 6. (a) Except as provided in this chapter, a taxpayer is entitled to a credit against the taxpayer's state tax liability for a taxable year for the net ad valorem property taxes paid by the taxpayer in the taxable year on business personal property, with an assessed value equal to the lesser of:

- (1) the assessed value of the person's business personal property; or
- (2) an assessed value of thirty-seven thousand five hundred dollars (\$37,500).

A taxpayer is entitled to only one (1) credit under this chapter each taxable year.

(b) An affiliated group that files a consolidated return under IC 6-2.1-5-5 IC 6-3-4-14 is entitled to only one (1) credit under this chapter each taxable year on that consolidated return. A taxpayer that is a partnership, joint venture, or pool is entitled to only one (1) credit under this chapter each taxable year, regardless of the number of partners or participants in the organization.

(c) A utility company is not entitled to claim the credit under this chapter.

SECTION 211. IC 6-3.1-23.8-6.5 IS ADDED TO THE INDIANA CODE AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2003]: Sec. 6.5. The amount of the credit to which a taxpayer is entitled under section 6 of this chapter equals the amount determined in STEP EIGHT of the following formula:

STEP ONE: Determine the net assessed value of the taxpayer's business personal property (excluding inventory) on which the taxpayer paid ad valorem property taxes first due and payable in the taxable year.

STEP TWO: Determine the net assessed value of the taxpayer's inventory on which the taxpayer paid ad valorem property taxes first due and payable in the taxable year.

STEP THREE: Determine the greater of:

- (A) zero (0); or
- (B) thirty-seven thousand five hundred dollars (\$37,500) minus the STEP ONE amount.

STEP FOUR: Determine the lesser of:

- (A) the STEP THREE amount; or
- (B) the STEP TWO amount.

STEP FIVE: Add the STEP FOUR amount and the lesser of:

- (A) the STEP ONE amount; or
- (B) thirty-seven thousand five hundred dollars (\$37,500).

STEP SIX: Determine the greater of:

- (A) zero (0); or
- (B) one hundred percent (100%) of the result of the STEP TWO amount minus the STEP FOUR amount.

STEP SEVEN: Add the STEP FIVE amount and the STEP SIX amount.

STEP EIGHT: Multiply the STEP SEVEN amount by the taxpayer's net ad valorem property tax rate for the taxable year.

SECTION 212. IC 6-3.1-23.8-7, AS AMENDED BY P.L.1-2002, SECTION 32, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2003]: Sec. 7. (a) If the amount of the credit determined under section 6.5 of this chapter for a taxpayer in a taxable year exceeds the taxpayer's state tax liability for that taxable year, the taxpayer may:

- (1) carry the excess over to the following taxable years; or
- (2) obtain a refund of the excess.

(b) The amount of the credit carryover from a taxable year shall be reduced to the extent that the carryover is used by the taxpayer to obtain a credit under this chapter for any subsequent taxable year.

(c) A taxpayer shall apply for a refund of an excess credit under this chapter in the manner prescribed by the department.

(d) A taxpayer is not entitled to a carryback.

SECTION 213. IC 6-3.1-23.8-10 IS ADDED TO THE INDIANA CODE AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2003]: Sec. 10. If the department determines that property taxes for which a credit was granted under this chapter have been reduced, the department shall make an assessment against the taxpayer under IC 6-8.1 equal to the difference between:

- (1) the amount of the credit that was granted under this chapter; and
- (2) the amount of the credit that would have been granted under this chapter if the property tax reduction had been in effect at the time the credit was granted under this chapter.

SECTION 214. IC 6-3.1-24 IS ADDED TO THE INDIANA CODE AS A NEW CHAPTER TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2003]:

Chapter 24. Headquarters Relocation Tax Credit

Sec. 1. As used in this chapter, "corporate headquarters" means the building or buildings where:

- (1) the principal offices of the principal executive officers of an eligible business are located; and
- (2) at least two hundred fifty (250) employees are employed.

Sec. 2. As used in this chapter, "eligible business" means a business that:

- (1) is engaged in either interstate or intrastate commerce;
- (2) maintains a corporate headquarters in a state other than Indiana as of January 1, 2003;
- (3) had annual worldwide revenues of at least one billion dollars (\$1,000,000,000) for the year immediately preceding the business's application for a tax credit under section 12 of this chapter; and
- (4) is prepared to commit contractually to relocating its corporate headquarters to Indiana.

Sec. 3. As used in this chapter, "pass through entity" means:

- (1) a corporation that is exempt from the adjusted gross income tax under IC 6-3-2-2.8(2);
- (2) a partnership;
- (3) a limited liability company; or
- (4) a limited liability partnership.

Sec. 4. As used in this chapter, "qualifying project" means the relocation of the corporate headquarters of an eligible business from a location outside Indiana to a location in Indiana.

Sec. 5. As used in this chapter, "relocation costs" means the reasonable and necessary expenses incurred by an eligible business for a qualifying project. The term includes:

- (1) moving costs and related expenses;
- (2) the purchase of new or replacement equipment;
- (3) capital investment costs; and
- (4) property assembly and development costs, including:
 - (A) the purchase, lease, or construction of buildings and land;
 - (B) infrastructure improvements; and
 - (C) site development costs.

The term does not include any costs that do not directly result from the relocation of the business to a location in Indiana.

Sec. 6. As used in this chapter, "state tax liability" means a taxpayer's total tax liability that is incurred under:

- (1) IC 6-2.1 (the gross income tax);
- (2) IC 6-2.5 (state gross retail and use tax);
- (3) IC 6-3-1 through IC 6-3-7 (the adjusted gross income tax);
- (4) IC 6-3-8 (the supplemental corporate net income tax);
- (5) IC 6-5.5 (the financial institutions tax); and
- (6) IC 27-1-18-2 (the insurance premiums tax);

as computed after the application of the credits that under IC 6-3.1-1-2 are to be applied before the credit provided by this chapter.

Sec. 7. As used in this chapter, "taxpayer" means an

individual or entity that has any state tax liability.

Sec. 8. A taxpayer that:

- (1) is an eligible business;
- (2) completes a qualifying project; and
- (3) incurs relocation costs;

is entitled to a credit against the person's state tax liability for the taxable year in which the relocation costs are incurred. The credit allowed under this section is equal to the amount determined under section 9 of this chapter.

Sec. 9. (a) Subject to subsection (b), the amount of the credit to which a taxpayer is entitled under section 8 of this chapter equals the product of:

- (1) fifty percent (50%); multiplied by
- (2) the amount of the taxpayer's relocation costs in the taxable year.

(b) The credit to which a taxpayer is entitled under section 8 of this chapter may not reduce the taxpayer's state tax liability below the amount of the taxpayer's state tax liability in the taxable year immediately preceding the taxable year in which the taxpayer first incurred relocation costs.

Sec. 10. If a pass through entity is entitled to a credit under section 8 of this chapter but does not have state tax liability against which the tax credit may be applied, a shareholder, partner, or member of the pass through entity is entitled to a tax credit equal to:

- (1) the tax credit determined for the pass through entity for the taxable year; multiplied by
- (2) the percentage of the pass through entity's distributive income to which the shareholder, partner, or member is entitled.

Sec. 11. The total value of a tax credit under this chapter shall be divided equally over ten (10) years, beginning with the year in which the credit is granted. If the amount of credit provided under this chapter for a taxpayer in a taxable year exceeds the taxpayer's state tax liability for that taxable year, the taxpayer may carry the excess over to subsequent taxable years. The amount of the credit carryover from a taxable year shall be reduced to the extent that the carryover is used by the taxpayer to obtain a credit under this chapter for any subsequent taxable year.

Sec. 12. To receive the credit provided by this chapter, a taxpayer must claim the credit on the taxpayer's state tax return or returns in the manner prescribed by the department. The taxpayer shall submit to the department proof of the taxpayer's relocation costs and all information that the department determines is necessary for the calculation of the credit provided by this chapter.

Sec. 13. In determining whether an expense of the eligible business directly resulted from the relocation of the business, the department shall consider whether the expense would likely have been incurred by the eligible business if the business had not relocated from its original location.

SECTION 215. IC 6-3.1-25 IS ADDED TO THE INDIANA CODE AS A NEW CHAPTER TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2003]:

Chapter 25. Hoosier Homefield Advantage Investment Tax Credit

Sec. 1. As used in this chapter, "board" has the meaning set forth in IC 6-3.1-13-1.

Sec. 2. As used in this chapter, "director" has the meaning set forth in IC 6-3.1-13-3.

Sec. 3. As used in this chapter, "full-time employee" has the meaning set forth in IC 6-3.1-13-4.

Sec. 4. As used in this chapter, "new employee" has the meaning set forth in IC 6-3.1-13-6.

Sec. 5. As used in this chapter, "pass through entity" means a:

- (1) corporation that is exempt from the adjusted gross income tax under IC 6-3-2-2.8(2);
- (2) partnership;
- (3) trust;
- (4) limited liability company; or

(5) limited liability partnership.

Sec. 6. (a) As used in this chapter, "qualified investment" means the amount of the taxpayer's expenditures for:

- (1) the purchase of new telecommunications, production, manufacturing, fabrication, assembly, extraction, mining, processing, refining, or finishing equipment;
- (2) the purchase of new computers and related equipment;
- (3) costs associated with the modernization of existing telecommunications, production, manufacturing, fabrication, assembly, extraction, mining, processing, refining, or finishing facilities;
- (4) onsite infrastructure improvements;
- (5) the construction of new telecommunications, production, manufacturing, fabrication, assembly, extraction, mining, processing, refining, or finishing facilities;
- (6) costs associated with retooling existing machinery and equipment; and
- (7) costs associated with the construction of special purpose buildings and foundations for use in the computer, software, biological sciences, or telecommunications industry;

that are certified by the board under this chapter as being eligible for the credit under this chapter.

(b) The term does not include an investment in property that can be readily moved outside Indiana.

Sec. 7. As used in this chapter, "state tax liability" means a taxpayer's total tax liability that is incurred under:

- (1) IC 6-2.1 (the gross income tax);
- (2) IC 6-3-1 through IC 6-3-7 (the adjusted gross income tax);
- (3) IC 6-3-8 (the supplemental net income tax);
- (4) IC 27-1-18-2 (the insurance premiums tax); and
- (5) IC 6-5.5 (the financial institutions tax);

as computed after the application of the credits that under IC 6-3.1-1-2 are to be applied before the credit provided by this chapter.

Sec. 8. As used in this chapter, "taxpayer" means an individual, a corporation, a partnership, or another entity that has state tax liability.

Sec. 9. The board may make credit awards under this chapter to foster job creation and higher wages in Indiana.

Sec. 10. A taxpayer that:

- (1) is awarded a tax credit under this chapter by the board; and
- (2) complies with the conditions set forth in this chapter and the agreement entered into by the board and the taxpayer under this chapter;

is entitled to a credit against the taxpayer's state tax liability in a taxable year.

Sec. 11. The amount of the tax credit is equal to the lesser of the following:

- (1) Five percent (5%) of the amount of the qualified investment made by the taxpayer in Indiana.
- (2) The difference between the taxpayer's state tax liability in the taxable year and the taxpayer's state tax liability in the taxable year immediately preceding the taxable year in which the taxpayer made the qualified investment.

Sec. 12. The taxpayer is entitled to claim the tax credit in each of ten (10) consecutive taxable years beginning with the taxable year in which the taxpayer makes the qualified investment. If the amount of a credit for a particular taxpayer in a particular taxable year exceeds the taxpayer's state tax liability for the taxable year, the taxpayer may carry forward the unused part of the tax credit to subsequent taxable years.

Sec. 13. If a pass through entity does not have state income tax liability against which the tax credit may be applied, a shareholder or partner of the pass through entity is entitled to a tax credit equal to:

- (1) the tax credit determined for the pass through entity for the taxable year; multiplied by
- (2) the percentage of the pass through entity's distributive

income to which the shareholder or partner is entitled. An unused tax credit granted under this chapter is not refundable and may not be carried forward.

Sec. 14. A person that proposes a project to create new jobs or increase wage levels in Indiana may apply to the board before the taxpayer makes the qualified investment to enter into an agreement for a tax credit under this chapter. The director shall prescribe the form of the application.

Sec. 15. After receipt of an application, the board may enter into an agreement with the applicant for a credit under this chapter if the board determines that all of the following conditions exist:

- (1) The applicant has conducted business in Indiana for at least one (1) year immediately preceding the date that the application is received.
- (2) The applicant's project will raise the total earnings of employees of the applicant in Indiana.
- (3) The applicant's project is economically sound and will benefit the people of Indiana by increasing opportunities for employment and strengthening the economy of Indiana.
- (4) Receiving the tax credit is a major factor in the applicant's decision to go forward with the project and not receiving the tax credit will result in the applicant not raising the total earnings of employees in Indiana.
- (5) Awarding the tax credit will result in an overall positive fiscal impact to the state, as certified by the budget agency using the best available data.
- (6) The credit is not prohibited by section 16 of this chapter.
- (7) The average wage that will be paid by the taxpayer at the location after the credit is given will be at least equal to one hundred fifty percent (150%) of the hourly minimum wage under IC 22-2-2-4 or its equivalent.

Sec. 16. A person is not entitled to claim the credit provided by this chapter for any jobs that the person relocates from one (1) site in Indiana to another site in Indiana. Determinations under this section shall be made by the board.

Sec. 17. The board shall certify the amount of the qualified investment that is eligible for a credit under this chapter. In determining the credit amount that should be awarded, the board shall grant a credit only for the amount of the qualified investment that is directly related to expanding the workforce in Indiana.

Sec. 18. The board shall enter into an agreement with an applicant that is awarded a credit under this chapter. The agreement must include all the following:

- (1) A detailed description of the project that is the subject of the agreement.
- (2) The first taxable year for which the credit may be claimed.
- (3) The amount of the taxpayer's state tax liability for each tax in the taxable year of the taxpayer that immediately preceded the first taxable year in which the credit may be claimed.
- (4) The maximum tax credit amount that will be allowed for each taxable year.
- (5) A requirement that the taxpayer shall maintain operations at the project location for at least ten (10) years during the term that the tax credit is available.
- (6) A specific method for determining the number of new employees employed during a taxable year who are performing jobs not previously performed by an employee.
- (7) A requirement that the taxpayer shall annually report to the board the number of new employees who are performing jobs not previously performed by an employee, the average wage of the new employees, and the average wage of all employees at the location where the qualified investment is made, and any other information the director needs to perform the director's duties under this chapter.
- (8) A requirement that the director is authorized to verify with the appropriate state agencies the amounts reported under subdivision (7) and, after doing so, shall issue a

certificate to the taxpayer stating that the amounts have been verified.

(9) A requirement that the taxpayer shall pay an average wage to all of its employees (excluding officers, partners, and shareholders) in each taxable year that a tax credit is available that equals at least one hundred fifty percent (150%) of the hourly minimum wage under IC 22-2-2-4 or its equivalent.

(10) A requirement that the taxpayer will keep the qualified investment property that is the basis for the tax credit in Indiana for at least the lesser of its useful life for federal income tax purposes or ten (10) years.

(11) A requirement that the taxpayer will maintain at the location where the qualified investment is made during the term of the tax credit a total payroll that is at least equal to the payroll level that existed before the qualified investment was made.

(12) A requirement that the taxpayer shall provide written notification to the director and the board not more than thirty (30) days after the taxpayer makes or receives a proposal that would transfer the taxpayer's state tax liability obligations to a successor taxpayer.

(13) Any other performance conditions that the board determines are appropriate.

Sec. 19. A taxpayer claiming a credit under this chapter shall submit to the department of state revenue a copy of the director's certificate of verification under this chapter for the taxable year. However, failure to submit a copy of the certificate does not invalidate a claim for a credit.

Sec. 20. If the director determines that a taxpayer who has received a credit under this chapter is not complying with the requirements of the tax credit agreement or all the provisions of this chapter, the director shall, after giving the taxpayer an opportunity to explain the noncompliance, notify the department of commerce and the department of state revenue of the noncompliance and request an assessment. The department of state revenue, with the assistance of the director, shall state the amount of the assessment, which may not exceed the sum of any previously allowed credits under this chapter. After receiving the notice, the department of state revenue shall make an assessment against the taxpayer under IC 6-8.1.

Sec. 21. On or before March 31 each year, the director shall submit a report to the board on the tax credit program under this chapter. The report must include information on the number of agreements that were entered into under this chapter during the preceding calendar year, a description of the project that is the subject of each agreement, an update on the status of projects under agreements entered into before the preceding calendar year, and the sum of the credits awarded under this chapter. A copy of the report shall be delivered to the executive director of the legislative services agency for distribution to the members of the general assembly.

Sec. 22. On a biennial basis, the board shall provide for an evaluation of the tax credit program, giving first priority to using the Indiana economic development council, established under IC 4-3-14-4. The evaluation shall include an assessment of the effectiveness of the program in creating new jobs and increasing wages in Indiana and of the revenue impact of the program and may include a review of the practices and experiences of other states with similar programs. The director shall submit a report on the evaluation to the governor, the president pro tempore of the senate, and the speaker of the house of representatives after June 30 and before November 1 in each odd-numbered year."

Page 202, delete lines 2 through 42.

Delete page 203.

Page 204, delete lines 1 through 7.

Page 214, line 37, delete "the business supplemental tax".

Page 214, line 38, delete "(IC 6-2.2);".

Page 227, between lines 22 and 23, begin a new paragraph and insert:

"SECTION 244. IC 10-1-2-2 IS AMENDED TO READ AS

FOLLOWS [EFFECTIVE JULY 1, 2002]: Sec. 2. (a) Authority is granted to the department to establish and operate an actuarially sound pension plan governed by a pension trust and to make the necessary annual contribution in order to prevent any deterioration in the actuarial status of the trust fund.

(b) Contributions shall be made to the trust fund by the department and by each employee beneficiary through authorized monthly deductions from wages.

(c) The trust fund may not be commingled with any other funds and shall be invested only in accordance with Indiana laws for the investment of trust funds, together with such other investments as are specifically designated in the pension trust. Subject to the terms of the pension trust, the trustee, with the approval of the Department and the Pension Advisory Board, may establish investment guidelines and limits on all types of investments (including, but not limited to, stocks and bonds) and take other action necessary to fulfill its duty as a fiduciary for the trust fund. However, the trustee shall invest the trust fund assets with the same care, skill, prudence, and diligence that a prudent person acting in a like capacity and familiar with such matters would use in the conduct of an enterprise of a like character with like aims. The trustee shall also diversify such investments in accordance with prudent investment standards, **subject to the limitations and restrictions set forth in IC 5-10.2-2-18**. The investment of trust funds is subject to section 2.5 of this chapter.

(d) The trustee shall receive and hold as trustee for the uses and purposes set forth in the pension trust any and all funds paid by the department, the employee beneficiaries, or by any other person or persons.

(e) The trustee shall engage pension consultants to supervise and assist in the technical operation of the pension plan in order that there may be no deterioration in the actuarial status of the plan.

(f) Before October 1 of each year, the trustee, with the aid of the pension consultants, shall prepare and file a report with the department and the state board of accounts. The report must include the following with respect to the fiscal year ending on the preceding June 30:

SCHEDULE I. Receipts and disbursements.

SCHEDULE II. Assets of the pension trust, listing investments as to book value and current market value at the end of the fiscal year.

SCHEDULE III. List of terminations, showing cause and amount of refund.

SCHEDULE IV. The application of actuarially computed "reserve factors" to the payroll data, properly classified for the purpose of computing the reserve liability of the trust fund as of the end of the fiscal year.

SCHEDULE V. The application of actuarially computed "current liability factors" to the payroll data, properly classified for the purpose of computing the liability of the trust fund for the end of the fiscal year.

SCHEDULE VI. An actuarial computation of the pension liability for all employees retired before the close of the fiscal year.

(g) The minimum annual contribution by the department must be of sufficient amount, as determined by the pension consultants, to prevent any deterioration in the actuarial status of the pension plan during that year. If the department fails to make the minimum contribution for five (5) successive years, the pension trust terminates and the trust fund shall be liquidated.

(h) In the event of liquidation, all expenses of the pension trust shall be paid, adequate provision shall be made for continuing pension payments to retired persons, and each employee beneficiary shall receive the net amount paid into the trust fund from wages. Any remaining sum shall be equitably divided among employee beneficiaries in proportion to the net amount paid from their wages into the trust fund.

SECTION 245. IC 10-1-2-6 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2002]: Sec. 6. The mortality reserve account referred to in section 3 of this chapter, the disability reserve account referred to in section 4 of this chapter, and the dependent pension reserve account referred to in section 5 of this chapter may be commingled and operated as one (1) fund, known as

the police benefit fund, under the terms of a supplementary trust agreement between the department and the trustee for the exclusive benefit of employee beneficiaries and their dependents. The trustee shall receive and hold as trustee for the uses and purposes set out in the supplementary trust agreement all funds paid to it as such trustee by the department or by any other person or persons. The trustee shall hold, invest, and reinvest the police benefit fund in such investments as it is permitted under the laws of Indiana to invest trust funds and such other investments as may be specifically designated in the supplementary trust agreement. **If the trustee decides to allocate part of the assets of the police benefit fund to alternative investments (as defined in IC 5-10.2-2-18), the trustee shall comply with the limitations and restrictions set forth in IC 5-10.2-2-18.** The trustee, with the assistance of the pension engineers, shall, within ninety (90) days after the close of the fiscal year, prepare and file with the department and the Indiana insurance department a detailed annual report showing receipts, disbursements, and case histories and making recommendations as to the necessary contributions required to keep the program in operation. Contributions by the department to the police benefit fund shall be provided in the general appropriations to the department."

Page 230, between lines 27 and 28, begin a new paragraph and insert:

"SECTION 253. IC 12-15-5-1, AS AMENDED BY P.L.149-2001, SECTION 1, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2002]: Sec. 1. Except as provided in IC 12-15-2-12, IC 12-15-6, and IC 12-15-21, the following services and supplies are provided under Medicaid:

- (1) Inpatient hospital services.
- (2) Nursing facility services.
- (3) Physician's services, including services provided under IC 25-10-1, and IC 25-22.5-1.
- (4) Outpatient hospital or clinic services.
- (5) Home health care services.
- (6) Private duty nursing services.
- (7) Physical therapy and related services.
- (8) Dental services, **except that the office may, under rules adopted under IC 4-22-2, place limitations on the amount expended for services. Limitations may not be placed on services for preventive care.**
- (9) Prescribed laboratory and x-ray services.
- (10) Prescribed drugs and services.
- (11) Eyeglasses and prosthetic devices.
- (12) Optometric services.
- (13) Diagnostic, screening, preventive, and rehabilitative services.
- (14) Podiatric medicine services.
- (15) Hospice services.
- (16) Services or supplies recognized under Indiana law and specified under rules adopted by the office.
- (17) Family planning services except the performance of abortions.
- (18) Nonmedical nursing care given in accordance with the tenets and practices of a recognized church or religious denomination to an individual qualified for Medicaid who depends upon healing by prayer and spiritual means alone in accordance with the tenets and practices of the individual's church or religious denomination.
- (19) Services provided to individuals described in IC 12-15-2-8 and IC 12-15-2-9.
- (20) Services provided under IC 12-15-34 and IC 12-15-32.
- (21) Case management services provided to individuals described in IC 12-15-2-11 and IC 12-15-2-13.
- (22) Any other type of remedial care recognized under Indiana law and specified by the United States Secretary of Health and Human Services.
- (23) Examinations required under IC 16-41-17-2(a)(10)."

Page 241, delete lines 16 through 42.

Delete pages 242 through 253.

Page 254, delete lines 1 through 41, begin a new paragraph and insert:

"SECTION 264. IC 12-24-1-1, AS AMENDED BY

P.L.272-1999, SECTION 44, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 1. (a) The director of the division of disability, aging, and rehabilitative services has administrative control of and responsibility for the following state institutions:

- (1) Fort Wayne State Developmental Center.
- (2) Muscatatuck State Developmental Center.
- (3) Any other state owned or operated developmental center.

(b) Notwithstanding any other statute or policy, the Muscatatuck State Developmental Center may not close but shall remain in operation unless the closure is specifically authorized by a statute enacted by the general assembly.

(c) Except as provided in subsection (d), before removing, transferring, or discharging any patient from the Muscatatuck State Developmental Center, the division of disability, aging, and rehabilitative services shall obtain the express written consent of the patient's guardian or representative of record for the patient's removal, transfer, or discharge.

(d) A patient may be transferred without the written consent required under subsection (c) to an acute care facility licensed under IC 16-21 for the period during which the patient requires medical care or treatment that cannot be provided at the Muscatatuck State Developmental Center.

SECTION 265. IC 12-24-1-3, AS AMENDED BY P.L.215-2001, SECTION 64, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2002 (RETROACTIVE)]: Sec. 3. (a) The director of the division of mental health and addiction has administrative control of and responsibility for the following state institutions:

- (1) Central State Hospital.
- (2) Evansville State Hospital.
- (3) Evansville State Psychiatric Treatment Center for Children.
- (4) Larue D. Carter Memorial Hospital.
- (5) Logansport State Hospital.
- (6) Madison State Hospital.
- (7) Richmond State Hospital.
- (8) Any other state owned or operated mental health institution.

(b) Subject to the approval of the director of the budget agency and the governor, the director of the division of mental health and addiction may contract for the management and clinical operation of Larue D. Carter Memorial Hospital.

(c) The following applies only to the institutions described in subsection (a)(2) and (a)(3):

(1) Notwithstanding any other statute or policy, the division of mental health and addiction may not do the following after December 31, 2001, unless specifically authorized by a statute enacted by the general assembly:

- (A) Terminate, in whole or in part, normal patient care or other operations at the facility.
- (B) Reduce the staffing levels and classifications below those in effect at the facility on January 1, 2002.
- (C) Terminate the employment of an employee of the facility except for cause in accordance with IC 4-15-2.

(2) The division of mental health and addiction shall fill a vacancy created by a termination described in subdivision (1)(C) so that the staffing levels at the facility are not reduced below the staffing levels in effect on January 1, 2002.

(3) Notwithstanding any other statute or policy, the division of mental health and addiction may not remove, transfer, or discharge any patient at the facility unless the removal, transfer, or discharge is in the patient's best interest and is approved by:

- (A) the patient or the patient's parent or guardian;
- (B) the individual's gatekeeper; and
- (C) the patient's attending physician.

(d) The Evansville State Psychiatric Treatment Center for Children shall remain independent of Evansville State Hospital and shall continue to function autonomously unless a change in administration is specifically authorized by an enactment of the general assembly.

SECTION 266. IC 12-24-2-9 IS ADDED TO THE INDIANA

CODE AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 9. (a) Notwithstanding any other law, an individual shall be admitted to the Evansville State Psychiatric Treatment Center for Children if the decision to admit the individual is approved by:

- (1) the individual's gatekeeper; and
- (2) the Evansville State Psychiatric Treatment Center for Children's admission committee, which must consist of at least the following individuals:
 - (A) The superintendent.
 - (B) The medical director.
 - (C) The clinical director.
 - (D) The director of nursing.

(b) The division of mental health and addiction shall encourage and facilitate the placement of appropriate patients at the Evansville Psychiatric Treatment Center for Children. A state operated facility must be considered before referring patient to out of state treatment centers. The appropriateness of admission to the Evansville Psychiatric Treatment Center for Children is determined when both the individual's gatekeeper and the Evansville State Psychiatric Treatment Center for Children's admission committee agree that the individual meets admission criteria and that admission to the Evansville State Psychiatric Treatment Center for Children is the least restrictive treatment option available to meet the individual's psychiatric needs. An administrator of the division of mental health and addiction may not make a determination of the appropriateness of admission to the Evansville State Psychiatric Treatment Center for Children unless the individual's gatekeeper and the admissions committee fail to reach agreement on the appropriateness of the referral. If the gatekeeper and the admissions committee fail to reach an agreement on the appropriateness of the referral, the decision of the division of mental health and addiction is final."

Page 255, delete lines 5 through 42.

Delete page 256.

Page 257, delete lines 1 through 15.

Page 263, delete lines 16 through 42.

Delete page 264.

Page 265, delete lines 1 through 10.

Page 265, delete lines 29 through 42.

Page 266, delete lines 1 through 40.

Page 267, between lines 19 and 20, begin a new paragraph and insert:

"SECTION 319. IC 21-6.1-3-9, AS AMENDED BY P.L.1-2002, SECTION 88, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2002]: Sec. 9. (a) The board shall invest its assets with the care, skill, prudence, and diligence that a prudent person acting in a like capacity and familiar with such matters would use in the conduct of an enterprise of a like character with like aims. The board shall also diversify such investments in accordance with prudent investment standards, subject to the limitations and restrictions set forth in IC 5-10.2-2-18.

(b) The board may:

- (1) make or have made investigations concerning investments; and
- (2) contract for and employ investment counsel to advise and assist in the purchase and sale of securities.

(c) The board is not subject to IC 4-13, IC 4-13.6, or IC 5-16 when managing real property as an investment. Any management agreements entered into by the board must ensure that the management agent acts in a prudent manner with regard to the purchase of goods and services. Contracts for the management of investment property shall be submitted to the governor, the attorney general, and the budget agency for approval. A contract for the management of real property as an investment:

- (1) may not exceed a four (4) year term and must be based upon guidelines established by the board;
- (2) may provide that the property manager may collect rent and make disbursements for routine operating expenses such as utilities, cleaning, maintenance, and minor tenant finish needs;
- (3) shall establish, consistent with the board's duty under

IC 30-4-3-3(c), guidelines for the prudent management of expenditures related to routine operation and capital improvements; and

(4) may provide specific guidelines for the board to purchase new properties, contract for the construction or repair of properties, and lease or sell properties without individual transactions requiring the approval of the governor, the attorney general, the Indiana department of administration, and the budget agency. However, each individual contract involving the purchase or sale of real property is subject to review and approval by the attorney general at the specific request of the attorney general.

(d) Whenever the board takes bids in managing or selling real property, the board shall require a bid submitted by a trust (as defined in IC 30-4-1-1(a)) to identify all of the following:

- (1) Each beneficiary of the trust.
- (2) Each settlor empowered to revoke or modify the trust."

Page 268, delete lines 28 through 42.

Delete pages 269 through 270.

Page 271, delete lines 1 through 8.

Page 271, line 15, delete "business supplemental tax,".

Page 271, line 40, delete "business supplemental tax,".

Page 276, line 27, delete "business supplemental tax,".

Page 276, line 33, delete "business supplemental tax,".

Page 277, line 38, delete "business".

Page 277, line 39, delete "supplemental tax,".

Page 322, delete lines 11 through 42.

Delete pages 323 through 334.

Page 335, delete lines 1 through 36, begin a new paragraph and insert:

"SECTION 352. IC 36-7-32 IS ADDED TO THE INDIANA CODE AS A NEW CHAPTER TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2002]:

Chapter 32. Certified Technology Parks

Sec. 1. This chapter applies to all units having a department of redevelopment under IC 36-7-14 or a department of metropolitan development as the redevelopment commission of a consolidated city under IC 36-7-15.1.

Sec. 2. The definitions set forth in IC 36-7-14 and IC 36-7-15.1 apply throughout this chapter.

Sec. 3. As used in this chapter, the following terms have the meanings set forth in IC 6-1.1-1:

- (1) Assessment date.
- (2) Assessed value or assessed valuation.
- (3) Taxing district.
- (4) Taxing unit.

Sec. 4. As used in this chapter, "base assessed value" means:

- (1) the net assessed value of all the taxable property located in a certified technology park as finally determined for the assessment date immediately preceding the effective date of the allocation provision of a resolution adopted under section 15 of this chapter; plus
- (2) to the extent it is not included in subdivision (1), the net assessed value of property that is assessed as residential property under the rules of the department of local government finance, as finally determined for any assessment date after the effective date of the allocation provision.

Sec. 5. As used in this chapter, "business incubator" means real and personal property that:

- (1) is located in a certified technology park;
- (2) is subject to an agreement under section 12 of this chapter; and
- (3) is developed for the primary purpose of attracting one (1) or more owners or tenants who will engage in high technology activities.

Sec. 6. As used in this chapter, "gross retail base period amount" means the aggregate amount of state gross retail and use taxes remitted under IC 6-2.5 by the businesses operating in the territory comprising a certified technology park during the full state fiscal year that precedes the date on which the certified technology park was designated under section 11 of this chapter.

Sec. 7. As used in this chapter, "high technology activity" means one (1) or more of the following:

(1) Advanced computing, which is any technology used in the design and development of any of the following:

- (A) Computer hardware and software.
- (B) Data communications.
- (C) Information technologies.

(2) Advanced materials, which are materials with engineered properties created through the development of specialized process and synthesis technology.

(3) Biotechnology, which is any technology that uses living organisms, cells, macromolecules, microorganisms, or substances from living organisms to make or modify a product, improve plants or animals, or develop microorganisms for useful purposes. Biotechnology does not include human cloning or stem cell research with embryonic tissue.

(4) Electronic device technology, which is any technology that involves:

- (A) microelectronics, semiconductors, or electronic equipment;
- (B) instrumentation, radio frequency, microwave, and millimeter electronics;
- (C) optical and optic electrical devices; or
- (D) data and digital communications and imaging devices.

(5) Engineering or laboratory testing related to the development of a product.

(6) Technology that assists in the assessment or prevention of threats or damage to human health or the environment, including environmental cleanup technology, pollution prevention technology, or development of alternative energy sources.

(7) Medical device technology, which is any technology that involves medical equipment or products other than a pharmaceutical product that has therapeutic or diagnostic value and is regulated.

(8) Product research and development.

(9) Advanced vehicles technology, which is any technology that involves:

- (A) electric vehicles, hybrid vehicles, or alternative fuel vehicles; or
- (B) components used in the construction of electric vehicles, hybrid vehicles, or alternative fuel vehicles.

Sec. 8. As used in this chapter, "income tax base period amount" means the aggregate amount of the following taxes paid by employees employed in the territory comprising a certified technology park with respect to wages and salary earned for work in the certified technology park for the state fiscal year that precedes the date on which the certified technology park was designated under section 11 of this chapter:

- (1) The adjusted gross income tax.
- (2) The county adjusted gross income tax.
- (3) The county option income tax.
- (4) The county economic development income tax.

Sec. 9. As used in this chapter, subject to the approval of the department of commerce under an agreement entered into under section 12 of this chapter, "public facilities" includes the following:

(1) A street, road, bridge, storm water or sanitary sewer, sewage treatment facility, facility designed to reduce, eliminate, or prevent the spread of identified soil or groundwater contamination, drainage system, retention basin, pretreatment facility, waterway, waterline, water storage facility, rail line, electric, gas, telephone or other communications, or any other type of utility line or pipeline, or other similar or related structure or improvement, together with necessary easements for the structure or improvement. Except for rail lines, utility lines, or pipelines, the structures or improvements described in this subdivision must be either owned or used by a public agency, functionally connected to similar or supporting

facilities owned or used by a public agency, or designed and dedicated to use by, for the benefit of, or for the protection of the health, welfare, or safety of the public generally, whether or not used by a single business entity. Any road, street, or bridge must be continuously open to public access. A public facility must be located on public property or in a public, utility, or transportation easement or right-of-way.

(2) Land and other assets that are or may become eligible for depreciation for federal income tax purposes for a business incubator located in a certified technology park.

(3) Land and other assets that, if privately owned, would be eligible for depreciation for federal income tax purposes for laboratory facilities, research and development facilities, conference facilities, teleconference facilities, testing, training facilities, and quality control facilities:

(A) that are or that support property whose primary purpose and use is or will be for a high technology activity;

(B) that are owned by a public entity; and

(C) that are located within a certified technology park.

Sec. 10. A unit may apply to the department of commerce for designation of all or part of the territory within the jurisdiction of the unit's redevelopment commission as a certified technology park and to enter into an agreement governing the terms and conditions of the designation. The application must be in a form specified by the department and shall include information the department determines necessary to make the determinations required under section 11 of this chapter.

Sec. 11. (a) After receipt of an application under section 10 of this chapter, and subject to subsection (b), the department of commerce may designate a certified technology park if the department determines that the application demonstrates a firm commitment from at least one (1) business engaged in a high technology activity creating a significant number of jobs and satisfies one (1) or more of the following additional criteria:

(1) A demonstration of significant support from an institution of higher education or a private research based institute located within, or in the vicinity of, the proposed certified technology park, as evidenced by the following criteria:

(A) Grants of preferences for access to and commercialization of intellectual property.

(B) Access to laboratory and other facilities owned by or under control of the institution of higher education or private research based institute.

(C) Donations of services.

(D) Access to telecommunications facilities and other infrastructure.

(E) Financial commitments.

(F) Access to faculty, staff, and students.

(G) Opportunities for adjunct faculty and other types of staff arrangements or affiliations.

(H) Other criteria considered appropriate by the department.

(2) A demonstration of a significant commitment by the institution of higher education or private research based institute to the commercialization of research produced at the certified technology park, as evidenced by the intellectual property and, if applicable, tenure policies that reward faculty and staff for commercialization and collaboration with private businesses.

(3) A demonstration that the proposed certified technology park will be developed to take advantage of the unique characteristics and specialties offered by the public and private resources available in the area in which the proposed certified technology park will be located.

(4) The existence of or proposed development of a business incubator within the proposed certified technology park that exhibits the following types of resources and organization:

(A) Significant financial and other types of support from

the public or private resources in the area in which the proposed certified technology park will be located.

(B) A business plan exhibiting the economic utilization and availability of resources and a likelihood of successful development of technologies and research into viable business enterprises.

(C) A commitment to the employment of a qualified full-time manager to supervise the development and operation of the business incubator.

(5) The existence of a business plan for the proposed certified technology park that identifies its objectives in a clearly focused and measurable fashion and that addresses the following matters:

(A) A commitment to new business formation.

(B) The clustering of businesses, technology, and research.

(C) The opportunity for and costs of development of properties under common ownership or control.

(D) The availability of and method proposed for development of infrastructure and other improvements, including telecommunications technology, necessary for the development of the proposed certified technology park.

(E) Assumptions of costs and revenues related to the development of the proposed certified technology park.

(6) A demonstrable and satisfactory assurance that the proposed certified technology park can be developed to principally contain property that is primarily used for, or will be primarily used for, a high technology activity or a business incubator.

(b) The department of commerce may not approve an application that would result in a substantial reduction or cessation of operations in another location in Indiana in order to relocate them within the certified technology park.

(c) There may be not more than three (3) certified technology parks designated by the department.

Sec. 12. A redevelopment commission and the legislative body of the unit that established the redevelopment commission may enter into an agreement with the department of commerce establishing the terms and conditions governing a certified technology park designated under section 11 of this chapter. Upon designation of the certified technology park under the terms of the agreement, the subsequent failure of any party to comply with the terms of the agreement does not result in the termination or rescission of the designation of the area as a certified technology park. The agreement must include the following provisions:

(1) A description of the area to be included within the certified technology park.

(2) Covenants and restrictions, if any, upon all or a part of the properties contained within the certified technology park and terms of enforcement of any covenants or restrictions.

(3) The financial commitments of any party to the agreement and of any owner or developer of property within the certified technology park.

(4) The terms of any commitment required from an institution of higher education or private research based institute for support of the operations and activities within the certified technology park.

(5) The terms of enforcement of the agreement, which may include the definition of events of default, cure periods, legal and equitable remedies and rights, and penalties and damages, actual or liquidated, upon the occurrence of an event of default.

(6) The public facilities to be developed for the certified technology park and the costs of those public facilities, as approved by the department of commerce.

Sec. 13. (a) If the department of commerce determines that a sale price or rental value at below market rate will assist in increasing employment or private investment in a certified technology park, the redevelopment commission and the

legislative body of the unit may determine the sale price or rental value for public facilities owned or developed by the redevelopment commission and the unit in the certified technology park at below market rate.

(b) If public facilities developed under an agreement entered into under this chapter are conveyed or leased at less than fair market value or at below market rates, the terms of the conveyance or lease shall include legal and equitable remedies and rights to assure that the public facilities are used for high technology activities or as a business incubator. Legal and equitable remedies and rights may include penalties and actual or liquidated damages.

Sec. 14. The department of commerce shall market the certified technology park. The department and a redevelopment commission may contract with each other or any third party for these marketing services.

Sec. 15. (a) Subject to the approval of the legislative body of the unit that established the redevelopment commission, the redevelopment commission may adopt a resolution designating a certified technology park as an allocation area for purposes of the allocation and distribution of property taxes.

(b) After adoption of the resolution under subsection (a), the redevelopment commission shall:

- (1) publish notice of the adoption and substance of the resolution in accordance with IC 5-3-1; and
- (2) file the following information with each taxing unit that has authority to levy property taxes in the geographic area where the certified technology park is located:
 - (A) A copy of the notice required by subdivision (1).
 - (B) A statement disclosing the impact of the certified technology park, including the following:
 - (i) The estimated economic benefits and costs incurred by the certified technology park, as measured by increased employment and anticipated growth of real property assessed values.
 - (ii) The anticipated impact on tax revenues of each taxing unit.

The notice must state the general boundaries of the certified technology park and must state that written remonstrances may be filed with the redevelopment commission until the time designated for the hearing. The notice must also name the place, date, and time when the redevelopment commission will receive and hear remonstrances and objections from persons interested in or affected by the proceedings pertaining to the proposed allocation area and will determine the public utility and benefit of the proposed allocation area. The commission shall file the information required by subdivision (2) with the officers of the taxing unit who are authorized to fix budgets, tax rates, and tax levies under IC 6-1.1-17-5 at least ten (10) days before the date of the public hearing. All persons affected in any manner by the hearing, including all taxpayers within the taxing district of the redevelopment commission, shall be considered notified of the pendency of the hearing and of subsequent acts, hearings, adjournments, and orders of the redevelopment commission affecting the allocation area if the redevelopment commission gives the notice required by this section.

(c) At the hearing, which may be recessed and reconvened periodically, the redevelopment commission shall hear all persons interested in the proceedings and shall consider all written remonstrances and objections that have been filed. After considering the evidence presented, the redevelopment commission shall take final action determining the public utility and benefit of the proposed allocation area confirming, modifying and confirming, or rescinding the resolution. The final action taken by the redevelopment commission shall be recorded and is final and conclusive, except that an appeal may be taken in the manner prescribed by section 16 of this chapter.

Sec. 16. (a) A person who files a written remonstrance with the redevelopment commission under section 15 of this chapter and is aggrieved by the final action taken may, within ten (10) days after that final action, file with the office of the clerk of the circuit or superior court of the county a copy of the

redevelopment commission's resolution and the person's remonstrance against the resolution, together with the person's bond as provided by IC 34-13-5-7.

(b) An appeal under this section shall be promptly heard by the court without a jury. All remonstrances upon which an appeal has been taken shall be consolidated and heard and determined within thirty (30) days after the time of filing of the appeal. The court shall decide the appeal based on the record and evidence before the redevelopment commission, not by trial de novo, and may confirm the final action of the redevelopment commission or sustain the remonstrances. The judgment of the court is final and conclusive, unless an appeal is taken as in other civil actions.

Sec. 17. (a) An allocation provision adopted under section 15 of this chapter must:

- (1) apply to the entire certified technology park; and
- (2) require that any property tax on taxable property subsequently levied by or for the benefit of any public body entitled to a distribution of property taxes in the certified technology park be allocated and distributed as provided in subsections (b) and (c).

(b) Except as otherwise provided in this section, the proceeds of the taxes attributable to the lesser of:

- (1) the assessed value of the taxable property for the assessment date with respect to which the allocation and distribution is made; or
- (2) the base assessed value;

shall be allocated and, when collected, paid into the funds of the respective taxing units.

(c) Except as provided in subsection (d), all the property tax proceeds that exceed those described in subsection (b) shall be allocated to the redevelopment commission for the certified technology park and, when collected, paid into the certified technology park fund established under section 23 of this chapter.

(d) Before July 15 of each year, the redevelopment commission shall do the following:

- (1) Determine the amount, if any, by which the property tax proceeds to be deposited in the certified technology park fund will exceed the amount necessary for the purposes described in section 23 of this chapter.
- (2) Notify the county auditor of the amount, if any, of excess tax proceeds that the redevelopment commission has determined may be allocated to the respective taxing units in the manner prescribed in subsection (c). The redevelopment commission may not authorize an allocation of property tax proceeds under this subdivision if to do so would endanger the interests of the holders of bonds described in section 24 of this chapter.

(e) Notwithstanding any other law, each assessor shall, upon petition of the redevelopment commission, reassess the taxable property situated upon or in, or added to, the certified technology park effective on the next assessment date after the petition.

(f) Notwithstanding any other law, the assessed value of all taxable property in the certified technology park, for purposes of tax limitation, property tax replacement, and formulation of the budget, tax rate, and tax levy for each political subdivision in which the property is located is the lesser of:

- (1) the assessed value of the taxable property as valued without regard to this section; or
- (2) the base assessed value.

Sec. 18. (a) A redevelopment commission may, by resolution, provide that each taxpayer in a certified technology park that has been designated as an allocation area is entitled to an additional credit for taxes (as defined in IC 6-1.1-21-2) that, under IC 6-1.1-22-9, are due and payable in May and November of that year. One-half (½) of the credit shall be applied to each installment of property taxes. This credit equals the amount determined under the following STEPS for each taxpayer in a taxing district that contains all or part of the certified technology park:

STEP ONE: Determine that part of the sum of the amounts under IC 6-1.1-21-2(g)(1)(A) and IC 6-1.1-21-2(g)(2) through IC 6-1.1-21-2(g)(5) that is attributable to the taxing district.

STEP TWO: Divide:

(A) that part of the county's total eligible property tax replacement amount (as defined in IC 6-1.1-21-2) for that year as determined under IC 6-1.1-21-4 that is attributable to the taxing district; by

(B) the STEP ONE sum.

STEP THREE: Multiply:

(A) the STEP TWO quotient; by

(B) the total amount of the taxpayer's taxes (as defined in IC 6-1.1-21-2) levied in the taxing district that would have been allocated to the certified technology park fund under section 17 of this chapter had the additional credit described in this section not been given.

The additional credit reduces the amount of proceeds allocated and paid into the certified technology park fund under section 17 of this chapter.

(b) The additional credit under subsection (a) shall be:

(1) computed on an aggregate basis of all taxpayers in a taxing district that contains all or part of a certified technology park; and

(2) combined on the tax statement sent to each taxpayer.

(c) Concurrently with the mailing or other delivery of the tax statement or any corrected tax statement to each taxpayer, as required by IC 6-1.1-22-8(a), each county treasurer shall for each tax statement also deliver to each taxpayer in a certified technology park who is entitled to the additional credit under subsection (a) a notice of additional credit. The actual dollar amount of the credit, the taxpayer's name and address, and the tax statement to which the credit applies must be stated on the notice.

(d) Notwithstanding any other law, a taxpayer in a certified technology park is not entitled to a credit for property tax replacement under IC 6-1.1-21-5.

Sec. 19. (a) The state board of accounts and department of local government finance shall adopt the rules and prescribe the forms and procedures that the state board of accounts and department of local government finance consider appropriate for the implementation of an allocation area under this chapter.

(b) After each general reassessment under IC 6-1.1-4, the department of local government finance shall adjust the base assessed value one (1) time to neutralize any effect of the general reassessment on the property tax proceeds allocated to certified technology park fund under section 17 of this chapter.

Sec. 20. (a) After entering into an agreement under section 12 of this chapter, the redevelopment commission shall send to the department of state revenue:

(1) a certified copy of the designation of the certified technology park under section 11 of this chapter;

(2) a certified copy of the agreement entered into under section 12 of this chapter; and

(3) a complete list of the employers in the certified technology park and the street names and the range of street numbers of each street in the certified technology park.

The redevelopment commission shall update the list provided under subdivision (3) before July 1 of each year.

(b) Not later than sixty (60) days after receiving a copy of the designation of the certified technology park, the department of state revenue shall determine the gross retail base period amount and the income tax base period amount.

Sec. 21. Before the first business day in October of each year, the department of state revenue shall calculate the income tax incremental amount and the gross retail incremental amount for the preceding state fiscal year for each certified technology park designated under this chapter.

Sec. 22. (a) The treasurer of state shall establish an incremental tax financing fund for each certified technology park designated under this chapter. The fund shall be

administered by the treasurer of state. Money in the fund does not revert to the state general fund at the end of a state fiscal year.

(b) Subject to subsection (c), the following amounts shall be deposited during each state fiscal year in the incremental tax financing fund established for a certified technology park under subsection (a):

(1) The aggregate amount of state gross retail and use taxes that are remitted under IC 6-2.5 by businesses operating in the certified technology park, until the amount of state gross retail and use taxes deposited equals the gross retail incremental amount for the certified technology park.

(2) The aggregate amount of the following taxes paid by employees employed in the certified technology park with respect to wages earned for work in the certified technology park, until the amount deposited equals the income tax incremental amount:

(A) The adjusted gross income tax.

(B) The county adjusted gross income tax.

(C) The county option income tax.

(D) The county economic development income tax.

(c) Not more than a total of five million dollars (\$5,000,000) may be deposited in a particular incremental tax financing fund for a certified technology park over the life of the certified technology park.

(d) On or before the twentieth day of each month, all amounts held in the incremental tax financing fund established for a certified technology park shall be distributed to the redevelopment commission for deposit in the certified technology park fund established under section 23 of this chapter.

Sec. 23. (a) Each redevelopment commission that establishes a certified technology park under this chapter shall establish a certified technology park fund to receive:

(1) property tax proceeds allocated under section 17 of this chapter; and

(2) money distributed to the redevelopment commission under section 22 of this chapter.

(b) Money deposited in the certified technology park fund may be used by the redevelopment commission only for one (1) or more of the following purposes.

(1) Acquisition, improvement, preparation, demolition, disposal, construction, reconstruction, remediation, rehabilitation, restoration, preservation, maintenance, repair, furnishing, and equipping of public facilities.

(2) Operation of public facilities described in section 9(2) of this chapter.

(3) Payment of the principal of and interest on any obligations that are payable solely or in part from money deposited in the fund and are incurred by the redevelopment commission for the purpose of financing or refinancing the development of public facilities in the certified technology park.

(4) Establishment, augmentation, or restoration of the debt service reserve for obligations described in subdivision (3).

(5) Payment of the principal of and interest on bonds issued by the unit to pay for public facilities in or serving the certified technology park.

(6) Payment of premiums on the redemption before maturity of bonds described in subdivision (3).

(7) Payment of amounts due under leases payable from money deposited in the fund.

(8) Reimbursement of the unit for expenditures made by it for public facilities in or serving the certified technology park.

(9) Payment of expenses incurred by the redevelopment commission for public facilities that are in the certified technology park or serving the certified technology park.

(c) The certified technology park fund may not be used for operating expenses of the redevelopment commission.

Sec. 24. (a) A redevelopment commission may issue bonds for the purpose of providing public facilities under this chapter.

(b) The bonds are payable solely from:

- (1) property tax proceeds allocated to the certified technology park fund under section 17 of this chapter;
 - (2) money distributed to the redevelopment commission under section 22 of this chapter;
 - (3) other funds available to the redevelopment commission; or
 - (4) a combination of the methods stated in subdivisions (1) through (3).
- (c) The bonds shall be authorized by a resolution of the redevelopment commission.
- (d) The terms and form of the bonds shall either be set out in the resolution or in a form of trust indenture approved by the resolution.
- (e) The bonds must mature within fifty (50) years.
- (f) The redevelopment commission shall sell the bonds at public or private sale upon such terms as determined by the redevelopment commission.
- (g) All money received from any bonds issued under this chapter shall be applied solely to the payment of the cost of providing public facilities within a certified technology park, or the cost of refunding or refinancing outstanding bonds, for which the bonds are issued. The cost may include:
- (1) planning and development of the public facilities and all related buildings, facilities, structures, and improvements;
 - (2) acquisition of a site and clearing and preparing the site for construction;
 - (3) equipment, facilities, structures, and improvements that are necessary or desirable to make the public facilities suitable for use and operations;
 - (4) architectural, engineering, consultant, and attorney's fees;
 - (5) incidental expenses in connection with the issuance and sale of bonds;
 - (6) reserves for principal and interest;
 - (7) interest during construction and for a period thereafter determined by the redevelopment commission, but not to exceed five (5) years;
 - (8) financial advisory fees;
 - (9) insurance during construction;
 - (10) municipal bond insurance, debt service reserve insurance, letters of credit, or other credit enhancement; and
 - (11) in the case of refunding or refinancing, payment of the principal of, redemption premiums, if any, and interest on, the bonds being refunded or refinanced.
- Sec. 25. The establishment of high technology activities and public facilities within a technology park serves a public purpose and is of benefit to the general welfare of a unit by encouraging investment, job creation and retention, and economic growth and diversity.**

SECTION 353. IC 36-8-6-6, AS AMENDED BY P.L.35-1999, SECTION 8, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2002]: Sec. 6. (a) The local board shall determine how much of the 1925 fund may be safely invested and how much should be retained for the needs of the fund. The investment shall be made:

- (1) in interest bearing bonds of the United States, the state, or an Indiana municipal corporation. The bonds shall be deposited with and must remain in the custody of the treasurer of the board, who shall collect the interest due as it becomes due; or
 - (2) under IC 5-13-9.
- (b) Investments under this section are subject to section 1.5 of this chapter.

(c) If the local board decides to allocate part of the assets of the 1925 fund to alternative investments (as defined in IC 5-10.2-2-18), the local board shall comply with the limitations and restrictions set forth in IC 5-10.2-2-18.

SECTION 354. IC 36-8-7-10, AS AMENDED BY P.L.35-1999, SECTION 9, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2002]: Sec. 10. (a) The local board shall determine how much of the 1937 fund may be safely invested and how much should be retained for the needs of the fund. Investments

are restricted to the following:

- (1) Interest bearing direct obligations of the United States or of the state or bonds lawfully issued by an Indiana political subdivision. The securities shall be deposited with and must remain in the custody of the treasurer of the local board, who shall collect the interest on them as it becomes due and payable.
 - (2) Savings deposits or certificates of deposit of a chartered national, state, or mutual bank whose deposits are insured by a federal agency. However, deposits may not be made in excess of the amount of insurance protection afforded a member or investor of the bank.
 - (3) Shares of a federal savings association organized under 12 U.S.C. 1461, as amended, and having its principal office in Indiana, or of a savings association organized and operating under Indiana statutes whose accounts are insured by a federal agency. However, shares may not be purchased in excess of the amount of insurance protection afforded a member or investor of the association.
 - (4) An investment made under IC 5-13-9.
- (b) All securities must be kept on deposit with the unit's fiscal officer, or county treasurer acting under IC 36-4-10-6, who shall collect all interest due and credit it to the 1937 fund.
- (c) The fiscal officer (or county treasurer) shall keep a separate account of the 1937 fund and shall fully and accurately set forth a statement of all money received and paid out by ~~him~~ **the officer**. The officer shall, on the first Monday of January and June of each year, make a report to the local board of all money received and distributed by ~~him~~ **the officer**. The president of the local board shall execute the officer's bond in the sum that the local board considers adequate, conditioned that ~~he~~ **the officer** will faithfully discharge the duties of ~~his~~ **the officer's** office and faithfully account for and pay over to the persons authorized to receive it all money that comes into ~~his~~ **the officer's** hands by virtue of ~~his~~ **the officer's** office. The bond and sureties must be approved by the local board and filed with the executive of the unit. The local board shall make a full and accurate report of the condition of the 1937 fund to the unit's fiscal officer on the first Monday of February in each year.
- (d) All securities that were owned by and held in the name of the local board on January 1, 1938, shall be held and kept for the local board by the unit's fiscal officer (or county treasurer) until they mature and are retired. However, if an issue of the securities is refunded, the local board shall accept refunding securities in exchange for and in an amount equal to the securities refunded. All money received by the local board for the surrender of matured and retired securities shall be paid into and constitutes a part of the 1937 fund of the unit, as provided in section 8 of this chapter.
- (e) Investments under this section are subject to section 2.5 of this chapter.
- (f) If the local board decides to allocate part of the assets of the 1937 fund to alternative investments (as defined in IC 5-10.2-2-18), the local board shall comply with the limitations and restrictions set forth in IC 5-10.2-2-18.**
- SECTION 355. IC 36-8-7.5-11 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2002]: Sec. 11. (a) The local board shall determine how much of the 1953 fund may be safely invested and how much should be retained for the needs of the fund. The investment shall be made in interest bearing direct obligations of the United States, obligations or issues guaranteed by the United States, bonds of the state of Indiana or any political subdivision, or street, sewer, or other improvement bonds of the state of Indiana or any political subdivision. However, the local board may not invest in obligations issued by the consolidated city, the county, or any political subdivision in the county. Any securities shall be deposited with and remain in the custody of the treasurer of the local board, who shall collect the interest due on them as it becomes due and payable. The local board may sell any of the securities belonging to the 1953 fund and borrow money upon the securities as collateral whenever in the judgment of the local board this action is necessary to meet the cash requirements of the 1953 fund.
- (b) The revenues derived from the tax levy authorized by section 10(c) of this chapter may not be invested but shall be used for the exclusive purpose of paying the pensions and benefits that the local

board is obligated to pay. These revenues are in addition to all money derived from the income on the investments of the board.

(c) Investments under this section are subject to section 1.5 of this chapter.

(d) If the local board decides to allocate part of the assets of the 1953 fund to alternative investments (as defined in IC 5-10.2-2-18), the local board shall comply with the limitations and restrictions set forth in IC 5-10.2-2-18.

SECTION 356. IC 36-8-10-12 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2002]: Sec. 12. (a) The department and a trustee may establish and operate an actuarially sound pension trust as a retirement plan for the exclusive benefit of the employee beneficiaries. However, a department and a trustee may not establish or modify a retirement plan after June 30, 1989, without the approval of the county fiscal body which shall not reduce or diminish any benefits of the employee beneficiaries set forth in any retirement plan that was in effect on January 1, 1989.

(b) The normal retirement age may be earlier but not later than the age of seventy (70). However, the sheriff may retire an employee who is otherwise eligible for retirement if the board finds that the employee is not physically or mentally capable of performing the employee's duties.

(c) Joint contributions shall be made to the trust fund:

(1) either by:

(A) the department through a general appropriation provided to the department;

(B) a line item appropriation directly to the trust fund; or

(C) both; and

(2) by an employee beneficiary through authorized monthly deductions from the employee beneficiary's salary or wages. However, the employer may pay all or a part of the contribution for the employee beneficiary.

Contributions through an appropriation are not required for plans established or modifications adopted after June 30, 1989, unless the establishment or modification is approved by the county fiscal body.

(d) For a county not having a consolidated city, the monthly deductions from an employee beneficiary's wages for the trust fund may not exceed six percent (6%) of the employee beneficiary's average monthly wages. For a county having a consolidated city, the monthly deductions from an employee beneficiary's wages for the trust fund may not exceed seven percent (7%) of the employee beneficiary's average monthly wages.

(e) The minimum annual contribution by the department must be sufficient, as determined by the pension engineers, to prevent deterioration in the actuarial status of the trust fund during that year. If the department fails to make minimum contributions for three (3) successive years, the pension trust terminates and the trust fund shall be liquidated.

(f) If during liquidation all expenses of the pension trust are paid, adequate provision must be made for continuing pension payments to retired persons. Each employee beneficiary is entitled to receive the net amount paid into the trust fund from the employee beneficiary's wages, and any remaining sum shall be equitably divided among employee beneficiaries in proportion to the net amount paid from their wages into the trust fund.

(g) If a person ceases to be an employee beneficiary because of death, disability, unemployment, retirement, or other reason, the person, the person's beneficiary, or the person's estate is entitled to receive at least the net amount paid into the trust fund from the person's wages, either in a lump sum or monthly installments not less than the person's pension amount.

(h) If an employee beneficiary is retired for old age, the employee beneficiary is entitled to receive a monthly income in the proper amount of the employee beneficiary's pension during the employee beneficiary's lifetime.

(i) To be entitled to the full amount of the employee beneficiary's pension classification, an employee beneficiary must have contributed at least twenty (20) years of service to the department before retirement. Otherwise, the employee beneficiary is entitled to receive a pension proportional to the length of the employee beneficiary's service.

(j) This subsection does not apply to a county that adopts an

ordinance under section 12.1 of this chapter. For an employee beneficiary who retires before January 1, 1985, a monthly pension may not exceed by more than twenty dollars (\$20) one-half (½) the amount of the average monthly wage received during the highest paid five (5) years before retirement. However, in counties where the fiscal body approves the increases, the maximum monthly pension for an employee beneficiary who retires after December 31, 1984, may be increased by no more or no less than two percent (2%) of that average monthly wage for each year of service over twenty (20) years to a maximum of seventy-four percent (74%) of that average monthly wage plus twenty dollars (\$20). For the purposes of determining the amount of an increase in the maximum monthly pension approved by the fiscal body for an employee beneficiary who retires after December 31, 1984, the fiscal body may determine that the employee beneficiary's years of service include the years of service with the sheriff's department that occurred before the effective date of the pension trust. For an employee beneficiary who retires after June 30, 1996, the average monthly wage used to determine the employee beneficiary's pension benefits may not exceed the monthly minimum salary that a full-time prosecuting attorney was entitled to be paid by the state at the time the employee beneficiary retires.

(k) The trust fund may not be commingled with other funds, except as provided in this chapter, and may be invested only in accordance with statutes for investment of trust funds, including other investments that are specifically designated in the trust agreement.

(l) The trustee receives and holds as trustee all money paid to it as trustee by the department, the employee beneficiaries, or by other persons for the uses stated in the trust agreement.

(m) The trustee shall engage pension engineers to supervise and assist in the technical operation of the pension trust in order that there is no deterioration in the actuarial status of the plan.

(n) Within ninety (90) days after the close of each fiscal year the trustee, with the aid of the pension engineers, shall prepare and file an annual report with the department and the state insurance department. The report must include the following:

(1) Schedule 1. Receipts and disbursements.

(2) Schedule 2. Assets of the pension trust listing investments by book value and current market value as of the end of the fiscal year.

(3) Schedule 3. List of terminations, showing the cause and amount of refund.

(4) Schedule 4. The application of actuarially computed "reserve factors" to the payroll data properly classified for the purpose of computing the reserve liability of the trust fund as of the end of the fiscal year.

(5) Schedule 5. The application of actuarially computed "current liability factors" to the payroll data properly classified for the purpose of computing the liability of the trust fund as of the end of the fiscal year.

(o) No part of the corpus or income of the trust fund may be used or diverted to any purpose other than the exclusive benefit of the members and the beneficiaries of the members.

(p) If the trustee decides to allocate part of the assets of the pension trust to alternative investments (as defined in IC 5-10.2-2-18), the trustee shall comply with the limitations and restrictions set forth in IC 5-10.2-2-18."

Page 340, line 32, delete "IC 6-2.1-3-24.5;".

Page 340, line 33, delete "IC 6-2.1-3-25; IC 6-2.1-3-26;".

Page 340, line 35, delete "IC 6-3-3-2;".

Page 340, between lines 39 and 40, begin a new paragraph and insert:

"SECTION 364. P.L.178-2002, SECTION 155, IS REPEALED [EFFECTIVE UPON PASSAGE]."

Page 340, delete lines 40 through 42.

Page 342, delete lines 7 through 21.

Page 342, delete lines 33 through 41.

Page 342, line 42, delete "(d)" and insert "(c)".

Page 343, line 9, delete "(e)" and insert "(d)".

Page 343, delete lines 13 through 42.

Page 344, delete lines 1 through 36, begin a new paragraph and insert:

"SECTION 372. [EFFECTIVE JULY 1, 2002] (a) For purposes of:

- (1) IC 6-2.5-2-2, as amended by this act;
- (2) IC 6-2.5-6-7, as amended by this act;
- (3) IC 6-2.5-6-8, as amended by this act;
- (4) IC 6-2.5-6-10, as amended by this act;
- (5) IC 6-2.5-7-3, as amended by this act; and
- (6) IC 6-2.5-7-5, as amended by this act;

all transactions, except the furnishing of public utility, telephone, or cable television services and commodities by retail merchants described in IC 6-2.5-4-5, IC 6-2.5-4-6, and IC 6-2.5-4-11 shall be considered as having occurred after June 30, 2002, to the extent that delivery of the property or services constituting selling at retail is made after that date to the purchaser or to the place of delivery designated by the purchaser. However, a transaction shall be considered as having occurred before July 1, 2002, to the extent that the agreement of the parties to the transaction was entered into before July 1, 2002, and payment for the property or services furnished in the transaction is made before July 1, 2002, notwithstanding the delivery of the property or services after June 30, 2002.

(b) With respect to a transaction constituting the furnishing of public utility, telephone, or cable television services and commodities, only transactions for which the charges are collected upon original statements and billings dated after August 31, 2002, shall be considered as having occurred after June, 2002.

(c) This SECTION expires July 1, 2003."

Page 347, delete lines 13 through 14.

Page 347, line 15, delete "(3)" and insert "(2)".

Page 347, delete lines 18 through 37, begin a new paragraph and insert:

"SECTION 378. [EFFECTIVE JANUARY 1, 2004] IC 6-1.1-12-42, as added by this act, applies to assessment years beginning after December 31, 2003."

Page 348, delete lines 14 through 42.

Page 349, delete lines 5 through 42.

Delete pages 350 through 354.

Page 355, delete lines 1 through 27, begin a new paragraph and insert:

"SECTION 391. [EFFECTIVE JULY 1, 2002] (a) In addition to the appropriations made in P.L.291-2001, SECTION 4, FOR THE DEPARTMENT OF EDUCATION, ADA FLAT GRANT DISTRIBUTION, the following appropriation is made:

FY 2002-003
Appropriation

**FOR THE DEPARTMENT OF EDUCATION
SUPPLEMENTAL ADA FLAT GRANT
DISTRIBUTION**

Total Operating Expense 35,000,000

(b) Distribution to local school corporations shall be based on average daily attendance (ADA), as determined in the rules of the Indiana state board of education. The amount per ADA shall be determined by dividing the above appropriation for supplemental ADA flat grant distribution by the total state ADA. The distribution shall be made on January 2, 2003.

(c) Notwithstanding IC 4-12-1-12, IC 4-13-2-18, or any other law or rule, the above appropriation for supplemental ADA flat grant distributions is automatically allotted.

(d) Money distributed under this SECTION may be used for any school purpose.

(e) This SECTION expires July 1, 2003.

SECTION 392. [EFFECTIVE UPON PASSAGE] (a) Notwithstanding IC 4-12-1-12, IC 4-13-2-18, or any other law or rule, any amounts not allotted by the effective date of this SECTION from the amounts appropriated in P.L.291-2001, SECTION 4, FOR THE DEPARTMENT OF EDUCATION, for the fiscal year beginning July 1, 2001, and ending June 30, 2002, for the following line item appropriations are automatically allotted to the department of education for expenditure and distribution:

FY 2001-2002
Appropriation

DISTRIBUTION FOR TRANSPORTATION	
Total Operating Expense	25,690,268
TEXTBOOK REIMBURSEMENT	
Total Operating Expense	17,800,000
DISTRESSED SCHOOLS DISTRIBUTION	
Total Operating Expense	50,000
DISTRIBUTION FOR SUMMER SCHOOL	
Other Operating Expense	21,600,000
ALTERNATIVE SCHOOLS	
Total Operating Expense	7,500,000
GIFTED AND TALENTED EDUCATION PROGRAM	
Personal Services	202,645
Other Operating Expense	6,656,484
EARLY INTERVENTION PROGRAM	
Personal Services	10,000
Other Operating Expense	3,990,000
READING DIAGNOSTIC ASSESSMENT	
Total Operating Expense	2,500,000
FULL DAY KINDERGARTEN	
Total Operating Expense	10,000,000
PERFORMANCE BASED ASSESSMENT AND AWARDS	
Personal Services	48,153
Other Operating Expense	3,202,374
NON-ENGLISH SPEAKING PROGRAM	
Other Operating Expense	700,000
EDUCATIONAL TECHNOLOGY PROGRAM AND FUND (INCLUDING 4R'S TECHNOLOGY GRANT PROGRAM)	
Total Operating Expense	4,000,000
SCHOOL LIBRARY PRINTED MATERIALS GRANTS	
Total Operating Expense	3,000,000
JAPANESE/CHINESE INITIATIVES	
Total Operating Expense	236,500
PSAT PROGRAM	
Other Operating Expense	800,000
TRANSPORTATION FOR SPECIAL AND VOCATIONAL EDUCATION	
Total Operating Expense	9,570,000
TRANSFER TUITION (STATE EMPLOYEES' CHILDREN AND ELIGIBLE CHILDREN IN MENTAL HEALTH FACILITIES)	
Total Operating Expense	215,000
RILEY HOSPITAL	
Total Operating Expense	30,000
TECH PREP DISTRIBUTION	
Other Operating Expense	1,000,000
PRINCIPAL LEADERSHIP ACADEMY	
Personal Services	326,637
Other Operating Expense	187,192
PROFESSIONAL DEVELOPMENT DISTRIBUTION	
Other Operating Expense	500,000
PROJECT SET	
Other Operating Expense	91,065
ACADEMIC COMPETITION	
Total Operating Expense	56,090
INNOVATIVE SCHOOL IMPROVEMENTS	
Personal Services	100,033
Other Operating Expense	719,557
EDUCATION SERVICE CENTERS	
Total Operating Expense	2,025,664
COMPUTER LEARNING AND TRAINING	
Personal Services	325,653
Other Operating Expense	1,365,096
GEOGRAPHY EDUCATION TRAINING	
Total Operating Expense	49,990
INDIANA COUNCIL FOR ECONOMIC EDUCATION (PERSONAL FINANCE PROGRAM)	
Total Operating Expense	30,000

RESEARCH AND DEVELOPMENT PROGRAMS

Personal Services 88,499
Other Operating Expense 303,021

TESTING/REMEDICATION

Other Operating Expense 33,775,681

ADVANCED PLACEMENT PROGRAM

Other Operating Expense 900,000

GED-ON-TV PROGRAM

Other Operating Expense 270,000

PUBLIC TELEVISION DISTRIBUTION

Total Operating Expense 2,773,603

(b) Notwithstanding IC 4-12-1-12, IC 4-13-2-18, or any other law or rule, the amounts appropriated in P.L.291-2001, SECTION 4, FOR THE DEPARTMENT OF EDUCATION, for the fiscal year beginning July 1, 2002, and ending June 30, 2003, for the following line item appropriations are automatically allotted to the department of education for expenditure and distribution in accordance with the usual expenditure and distribution schedules used by the department of education:

FY 2002-2003

Appropriation

DISTRIBUTION FOR TRANSPORTATION

Total Operating Expense 25,801,954

TEXTBOOK REIMBURSEMENT

Total Operating Expense 19,900,000

DISTRESSED SCHOOLS DISTRIBUTION

Total Operating Expense 50,000

DISTRIBUTION FOR SUMMER SCHOOL

Other Operating Expense 21,600,000

ALTERNATIVE SCHOOLS

Total Operating Expense 7,500,000

GIFTED AND TALENTED EDUCATION PROGRAM

Personal Services 202,645

Other Operating Expense 6,656,484

EARLY INTERVENTION PROGRAM

Personal Services 10,000

Other Operating Expense 3,990,000

READING DIAGNOSTIC ASSESSMENT

Total Operating Expense 2,500,000

FULL DAY KINDERGARTEN

Total Operating Expense 10,000,000

PERFORMANCE BASED ASSESSMENT AND AWARDS

Personal Services 48,153

Other Operating Expense 3,202,374

NON-ENGLISH SPEAKING PROGRAM

Other Operating Expense 700,000

EDUCATIONAL TECHNOLOGY PROGRAM AND FUND (INCLUDING 4R'S TECHNOLOGY GRANT PROGRAM)

Total Operating Expense 4,000,000

SCHOOL LIBRARY PRINTED MATERIALS GRANTS

Total Operating Expense 3,000,000

JAPANESE/CHINESE INITIATIVES

Total Operating Expense 236,500

PSAT PROGRAM

Other Operating Expense 800,000

TRANSPORTATION FOR SPECIAL AND VOCATIONAL EDUCATION

Total Operating Expense 9,570,000

TRANSFER TUITION (STATE EMPLOYEES' CHILDREN AND ELIGIBLE CHILDREN IN MENTAL HEALTH FACILITIES)

Total Operating Expense 215,000

RILEY HOSPITAL

Total Operating Expense 30,000

TECH PREP DISTRIBUTION

Other Operating Expense 1,000,000

PRINCIPAL LEADERSHIP ACADEMY

Personal Services 326,637

Other Operating Expense 187,192

PROFESSIONAL DEVELOPMENT DISTRIBUTION

Other Operating Expense 20,500,000

PROJECT SET

Other Operating Expense 91,065

ACADEMIC COMPETITION

Total Operating Expense 56,090

INNOVATIVE SCHOOL IMPROVEMENTS

Personal Services 100,033

Other Operating Expense 719,557

EDUCATION SERVICE CENTERS

Total Operating Expense 2,025,044

COMPUTER LEARNING AND TRAINING

Personal Services 325,653

Other Operating Expense 1,365,096

GEOGRAPHY EDUCATION TRAINING

Total Operating Expense 49,990

INDIANA COUNCIL FOR ECONOMIC EDUCATION

(PERSONAL FINANCE PROGRAM)

Total Operating Expense 30,000

RESEARCH AND DEVELOPMENT PROGRAMS

Personal Services 88,499

Other Operating Expense 303,021

ADVANCED PLACEMENT PROGRAM

Other Operating Expense 1,000,000

GED-ON-TV PROGRAM

Other Operating Expense 270,000

PUBLIC TELEVISION DISTRIBUTION

Total Operating Expense 2,773,603

(c) The dollar amounts listed in subsections (a) and (b) are not new appropriations but are a restatement of the dollar amounts appropriated in P.L.291-2001, SECTION 4.

(d) This SECTION expires July 1, 2003.

SECTION 393. [EFFECTIVE UPON PASSAGE] Notwithstanding IC 4-12-1-12, IC 4-13-2-18, or any other law or rule, the appropriation of \$50,000,000 in P.L.291-2001, SECTION 38, BUILD INDIANA FUND (BIF) (IC 4-30-17), FOR THE BUDGET AGENCY, 21st Century Research & Technology Fund, for the biennium, is automatically allotted and must be spent during the biennium beginning July 1, 2001, and ending June 30, 2003.

SECTION 394. [EFFECTIVE UPON PASSAGE] (a) Notwithstanding any other law governing dedicated funds, if the budget director determines before July 1, 2003, that there are excess balances in:

- (1) the license branch fund (IC 9-29-14);
- (2) the underground petroleum storage tank excess liability fund (IC 4-4-11.2);
- (3) the pay phone fund;
- (4) the waste tire management fund (IC 13-20-13);
- (5) the recycling promotion assistance fund (IC 4-23-5.5-14);
- (6) the financial responsibility compliance verification fund (IC 9-25-9);
- (7) the environmental management special fund (IC 13-14-12); or
- (8) the regional health care construction account (IC 4-12-8.5);

the budget agency, with the approval of the governor, may transfer all or part of the excess balances identified by the budget director to the state general fund before July 1, 2003.

(b) This SECTION expires July 1, 2003.

SECTION 395. [EFFECTIVE UPON PASSAGE] Notwithstanding P.L.291-2001, SECTION 37, the total amount appropriated for "State General Fund - Construction" for the 2001-2003 biennium is reduced by \$32,000,000. Not later than June 30, 2002, the budget agency, after review by the budget committee, shall identify \$32,000,000 in spending reductions for

projects listed in P.L.291-2001, SECTION 37. Adjustments made to HIGHER EDUCATION for General Repair and Rehab in this act may not be included in the plan.

SECTION 396. [EFFECTIVE UPON PASSAGE] Notwithstanding P.L.291-2001, SECTION 37, the HIGHER EDUCATION appropriations for FY 2001-2002 for General Repair and Rehab for universities shall be reduced by the equivalent of fifty percent (50%) of one (1) year of the appropriations, which is equal to \$16,333,091 of the amount appropriated in P.L.291-2001, SECTION 37. The total biennial appropriations are reduced by twenty-five percent (25%) to achieve this one (1) year reduction. The appropriations are as follows:

	Biennial Appropriation
HIGHER EDUCATION	
INDIANA UNIVERSITY - TOTAL SYSTEM	
General Repair and Rehab	19,510,183
PURDUE UNIVERSITY - TOTAL SYSTEM	
General Repair and Rehab	15,283,411
INDIANA STATE UNIVERSITY	
General Repair and Rehab	4,234,647
UNIVERSITY OF SOUTHERN INDIANA	
General Repair and Rehab	651,282
BALL STATE UNIVERSITY	
General Repair and Rehab	5,670,222
VINCENNES UNIVERSITY	
General Repair and Rehab	1,941,622
IVY TECH STATE COLLEGE	
General Repair and Rehab	1,707,906

SECTION 397. [EFFECTIVE JULY 1, 2003] (a) The duties conferred on the department of commerce relating to energy policy are transferred to the department of environmental management, established by IC 13-13-1-1, on July 1, 2003.

(b) The rules adopted by the department of commerce concerning energy policy before July 1, 2003, are considered, after June 30, 2003, rules of the department of environmental management until the department of environmental management adopts replacement rules.

(c) On July 1, 2003, the department of environmental management becomes the owner of all real and personal property relating to energy policy of the department of commerce.

(d) Any fund relating to energy policy under the control or supervision of the department of commerce on June 30, 2003, shall be transferred to the control or supervision of the department of environmental management on July 1, 2003.

(e) The legislative services agency shall prepare legislation for introduction in the 2004 regular session of the general assembly to organize and correct statutes affected by the transfer of responsibilities to the department of environmental management by this act.

(f) This SECTION expires June 30, 2004.

SECTION 398. [EFFECTIVE JULY 1, 2003] (a) The duties conferred on the department of commerce relating to tourism and community development are transferred to the department of tourism and community development, established by IC 4-4-3-2, as amended by this act, on July 1, 2003.

(b) The rules adopted by the department of commerce concerning tourism and community development before July 1, 2003, are considered, after June 30, 2003, rules of the department of tourism and community development until the department of tourism and community development adopts replacement rules.

(c) On July 1, 2003, the department of tourism and community development becomes the owner of all real and personal property relating to tourism promotion and community development of the department of commerce.

(d) Any fund relating to tourism and community development under the control or supervision of the department of commerce on June 30, 2003, shall be transferred to the control or supervision of the department of tourism and community

development on July 1, 2003.

(e) The legislative services agency shall prepare legislation for introduction in the 2004 regular session of the general assembly to organize and correct statutes affected by the transfer of responsibilities to the department of tourism and community development by this act.

(f) This SECTION expires June 30, 2004.

SECTION 399. [EFFECTIVE JULY 1, 2003] (a) The duties conferred on the department of commerce relating to economic development in Indiana, except those relating to energy policy or tourism and community development, are transferred to the economic development corporation, established by IC 4-3-13.7, as added by this act, on July 1, 2003.

(b) The rules adopted by the department of commerce, except those related to energy policy and tourism and community development, before July 1, 2003, concerning the duties of the department of commerce are considered, after June 30, 2003, rules of the economic development corporation until the corporation adopts replacement rules.

(c) On July 1, 2003, the Indiana economic development corporation becomes the owner of all real and personal property, except the real and personal property related to energy policy and tourism and community development, of the department of commerce.

(d) Any fund under the control or supervision of the department of commerce, except funds related to energy policy and tourism and community development, on June 30, 2003, is transferred to the control or supervision of the economic development corporation on July 1, 2003.

(e) The legislative services agency shall prepare legislation for introduction in the 2004 regular session of the general assembly to organize and correct statutes affected by the transfer of responsibilities to the economic development corporation by this act.

(f) This SECTION expires June 30, 2004.

SECTION 400. [EFFECTIVE JULY 1, 2002] IC 5-10.2-2-18, as added by this act, applies only to investments made after June 30, 2002.

SECTION 401. [EFFECTIVE UPON PASSAGE] (a) This SECTION applies to state taxes paid:

(1) in a taxable year beginning after December 31, 1997, and ending before January 1, 2002; and

(2) by a taxpayer or by the shareholders, partners, beneficiaries, or members of a pass through entity, in the case of a taxpayer that is a pass through entity that did not have state tax liability.

(b) Notwithstanding IC 6-8.1-9-1 or any other law, if:

(1) a taxpayer made a qualified expenditure in a taxable year beginning after December 31, 1997, and ending before January 1, 2002, that would otherwise have been subject to the credit provided under IC 6-3.1-6 but for the fact that the taxpayer is a pass through entity that was not included in the definition of taxpayer under IC 6-3.1-6-1, as the statute was in effect before January 1, 2002; and

(2) the taxpayer's qualified expenditure would have been eligible for a tax credit if IC 6-3.1-6, as amended by P.L.129-2001, SECTION 5, and P.L.129-2001, SECTION 6, had been in effect in the taxable year in which the qualified expenditure was made;

the taxpayer may claim a refund equal to the amount set forth in subsection (c).

(c) The amount of the refund permitted under subsection (b) is equal to the amount of the state taxes paid in a taxable year described in subsection (b) that would have been subject to a tax credit if IC 6-3.1-6, as amended by P.L.129-2001, SECTION 5, and P.L.129-2001, SECTION 6, had been in effect in the taxable year.

(d) In the case of a taxpayer that is a pass through entity that did not have state tax liability, an individual who was a shareholder, partner, beneficiary, or member of the entity in the taxable year for which a refund is permitted under this SECTION may claim a refund. The individual is entitled to a

refund equal to:

- (1) the amount of the refund determined for the pass through entity for the taxable year; multiplied by
- (2) the percentage of the pass through entity's distributive income to which the shareholder, partner, beneficiary, or member is entitled.

A pass through entity and an individual who is a shareholder, partner, beneficiary, or member of the pass through entity may not claim more than one (1) refund for taxes paid in a taxable year described in subsection (b).

(e) This SECTION expires January 1, 2004.

SECTION 402. [EFFECTIVE JULY 1, 2002] (a) Notwithstanding P.L.291-2001, SECTION 1, for purposes of this SECTION, "state agency" does not include:

- (1) the judicial department of the state; or
- (2) the legislative department of the state.

(b) Notwithstanding IC 4-12-1-12, IC 4-13-2-18, or any other law or rule, the appropriation made in P.L.291-2001, SECTION 15, FOR THE BUDGET AGENCY, PERSONAL SERVICES/FRINGE BENEFITS CONTINGENCY FUND, Total Operating Expense, for the 2001-2003 biennium, is automatically allotted in amounts sufficient to provide a two percent (2%) pay increase for all employees of state agencies on July 1, 2002.

(c) IC 6-3-2-14 applies to prize money received after June 30, 2002, regardless of when the taxpayer's taxable year begins.

(d) Notwithstanding IC 6-3-7-3, as amended by this act, money attributable to adjusted gross income tax raised as a result of the amendment of IC 6-3-2-14 by this act shall be segregated in a nonreverting fund and used only to pay the two percent (2%) pay increase for all employees of state agencies granted by subsection (b) and payable in the state fiscal year beginning July 1, 2002, to supplement the allotments made under subsection (b). The amounts segregated under this subsection are appropriated as they are deposited and must be automatically allotted for the purposes of this subsection.

(e) Subsections (b) and (d) apply to employees working for state agencies if the agency is funded from the state general fund, dedicated funds, dedicated accounts, or federal funds.

(f) Subsections (b) and (d) do not apply to a person for whom a salary is specifically set in state law.

SECTION 403. [EFFECTIVE JULY 1, 2002] (a) There is annually appropriated to the division of mental health and addiction four million dollars (\$4,000,000) from the state general fund for the purposes described in subsection (h).

(b) There is annually appropriated to the state fair commission six million dollars (\$6,000,000) from the state general fund for use in any activity that the commission is authorized to carry out under IC 15-1.5-3.

(c) There is annually appropriated to the center for agricultural science and heritage established under IC 15-1.5-10.5-3 one million five hundred thousand dollars (\$1,500,000) from the state general fund.

(d) There is annually appropriated to the Indiana School for the Blind one million dollars (\$1,000,000) from the state general fund.

(e) There is annually appropriated to the Indiana School for the Deaf one million dollars (\$1,000,000) from the state general fund.

(f) There is appropriated to the shoreline environmental trust fund established by IC 36-7-13.5-19 three million five hundred thousand dollars (\$3,500,000) from the state general fund for its use beginning July 1, 2003, and ending June 30, 2004.

(g) There is annually appropriated to the shoreline environmental trust fund established by IC 36-7-13.5-19 seven million dollars (\$7,000,000) from the state general fund for its use in each state fiscal year beginning after June 30, 2004.

(h) Money appropriated to the division of mental health and addiction under subsection (a):

- (1) shall be distributed to the division of mental health and addiction at times during each state fiscal year determined by the budget agency; and

- (2) shall be used by the division of mental health and addiction for programs and facilities for the prevention and treatment of addictions to drugs, alcohol, and compulsive gambling, including the creation and maintenance of a toll free telephone line to provide the public with information about these addictions.

The division of mental health and addiction shall allocate at least twenty-five percent (25%) of the money appropriated under this SECTION to the prevention and treatment of compulsive gambling.

(i) This SECTION expires June 30, 2007."

Page 357, delete lines 34 through 42.

Page 358, delete lines 1 through 18, begin a new paragraph and insert:

"SECTION 397. [EFFECTIVE JULY 1, 2001 (RETROACTIVE)]

(a) Notwithstanding any notice sent after June 30, 2001, the division of mental health and addiction may not terminate or lay off any employee at the Evansville State Hospital or the Evansville State Psychiatric Treatment Center for Children after June 30, 2001, solely as a part of a staff reduction plan.

(b) Notwithstanding any other statute or policy, any employee at either the Evansville State Hospital or the Evansville State Psychiatric Treatment Center for Children terminated or laid off after June 30, 2001, solely as a part of a staff reduction plan shall have a preference for recall or reemployment at the facility from which the employee was terminated or laid off.

(c) This SECTION does not prohibit, after June 30, 2001, the termination of the employment of an employee for cause in accordance with IC 4-15-2. However, the division of mental health and addiction shall fill a vacancy created by the termination so that the staffing levels at the Evansville State Hospital and the Evansville State Psychiatric Treatment Center for Children are not reduced below the staffing levels in effect on January 1, 2002.

SECTION 398. [EFFECTIVE UPON PASSAGE] (a) Notwithstanding IC 4-12-1-14.3 or any other law, the treasurer of state, as directed by the budget director, shall transfer fifty million dollars (\$50,000,000) from the Indiana tobacco master settlement agreement fund to the state general fund before July 1, 2002.

(b) This SECTION expires July 1, 2002.

SECTION 399. [EFFECTIVE JULY 1, 2002] (a) Notwithstanding IC 4-12-1-14.3 or any other law, the treasurer of state, as directed by the budget director, shall transfer ninety million dollars (\$90,000,000) from the Indiana tobacco master settlement agreement fund to the state general fund during the state fiscal year beginning July 1, 2002, and ending June 30, 2003.

(b) Notwithstanding IC 4-12-1-14.3 or any other law, the treasurer of state, as directed by the budget director, shall transfer ninety million dollars (\$90,000,000) from the Indiana tobacco master settlement agreement fund to the state general fund during the state fiscal year beginning July 1, 2003, and ending June 30, 2004.

(c) Notwithstanding IC 4-12-1-14.3 or any other law, the treasurer of state, as directed by the budget director, shall transfer ninety million dollars (\$90,000,000) from the Indiana tobacco master settlement agreement fund to the state general fund during the state fiscal year beginning July 1, 2004, and ending June 30, 2005.

(d) This SECTION expires July 1, 2005.

SECTION 400. [EFFECTIVE JULY 1, 2003] Notwithstanding the limitations in IC 4-30-17-4.1 on the use of money in the build Indiana fund, the auditor of state shall transfer:

- (1) one hundred million dollars (\$100,000,000) from the build Indiana fund to the state general fund in the state fiscal year beginning July 1, 2003, and ending June 30, 2004; and
- (2) one hundred million dollars (\$100,000,000) from the build Indiana fund to the state general fund in the state fiscal year beginning July 1, 2004, and ending June 30, 2005.

The transfers required by this SECTION shall be made from money remaining in the build Indiana fund after making the distributions required under IC 4-30-17-3.5. The amount necessary to make the transfers required by this SECTION are appropriated from the build Indiana fund beginning July 1, 2003, and ending June 30, 2005. The transfers under this SECTION are in addition to any other transfers from the build Indiana fund to the state general fund required by any other law."

Renumber all SECTIONS consecutively.

(Reference is to HB 1001(ss) as printed June 3, 2002.)

ESPICH
FRIEND

Upon request of Representatives Espich and Friend, the Speaker ordered the roll of the House to be called. Roll Call 5: yeas 44, nays 53. Motion failed. The bill was ordered engrossed.

OTHER BUSINESS ON THE SPEAKER'S TABLE

HOUSE MOTION

Mr. Speaker: I move that when we do adjourn, we adjourn until Thursday, June 6, 2002 at 10:00 a.m.

L. LAWSON

Motion prevailed.

On the motion of Representative Espich the House adjourned at 3:30 p.m., this fifth day of June, 2002, until Thursday, June 6, 2002, at 10:00 a.m.

JOHN R. GREGG

Speaker of the House of Representatives

LEE ANN SMITH

Principal Clerk of the House of Representatives